

THE BIG MUDDY — Spaniards in a flooded village after storms killed 31 in Spain and Portugal. Page 2.



THE BIG MUDDY — Spaniards in a flooded village after storms killed 31 in Spain and Portugal. Page 2.

Trucker Talks Yield Progress

French Strikers Win Many Demands but Stay Out

By Barry James
International Herald Tribune

The negotiations to end the French truck drivers' strike resumed Thursday night amid some optimism that the talks would succeed in ending the four-day blockade of the nation's highways and the huge disruption in much of Europe.

The strikers manned about 160 barricades across the nation and continued to blockade oil refineries and fuel depots, forcing about 40 percent of French filling stations to close or restrict supplies.

The Democratic Labor Confederation, or CFTC, said after all-night talks on Wednesday that it had achieved nearly all of its demands, including an eventual 10,000 franc (\$1,730) monthly wage for 200 hours of work, an immediate pay increase and the setting of a minimum hourly wage. It was seeking a few more conditions, including a clause that would extend benefits in bus and ambulance drivers, and tighter controls on working hours.

But Marc Blondel, secretary general of the Workers' Force, or FO, union said that the terms so far agreed with employers were confusing and contradictory and that it would be difficult to persuade the drivers to call off the strike. The strikers "are not over the moon, far from it," he said.

Employers were considering the latest proposals made by union leaders during a recess of the talks on Thursday night. The delegations did not come out of the Transport Ministry building, where they were meeting, or talk to the press.

The French transport minister, Jean-Claude Gissot, said as the talks got under way earlier Thursday that although the situation had "unquestionably moved forward," there were no signs of an all-encompassing deal.

He warned that France could not afford to keep living with "the uncertainty, the risk, the difficulties and the constraints" that were causing grief both to France and its European partners.

The strike has incensed France's European partners, whose trucks have been prevented from delivering goods to France and neighboring countries.

British trucks continued to pile up in 12-hour lines at Belgian ports in an attempt to avoid French roads, but on the other side of the channel, conditions were slowly returning to normal outside the port of Dover. The strike was most likely to be the most contentious item on the agenda during talks in London on Thursday and Friday between Prime Minister Tony Blair of Britain, the French president, Jacques Chirac, and Prime Minister Lionel Jospin.

Britain has complained about the damage to its trade and says its truck companies have not been compensated for losses they incurred in a similar strike a year ago, despite French assurances that claims would be met.

The British Road Haulage Association said it is losing £1 million (\$1.7 million) a day because of the strike. A Foreign Ministry spokesman in Paris said France accepted responsibility for losses caused on its own territory, but would not pay for the knock-on effects in other countries.

The country most badly affected by

the strike was Spain, where about 8,000 trucks that would normally be supplying markets in northern Europe had been diverted or confined to base.

Officials at the European Commission, the executive body of the European Union, said it was highly unlikely that legal action would be taken against France for obstructing freedom of movement in the EU.

France argues that it has made every reasonable effort to inform drivers of the situation through phone and Internet services, and that most of its road network has not been affected. Officials said disruption had been caused not so much by the strike but by the fear of being stranded.

Karel Van Miert, the EU competition commissioner, blamed employers for creating the conditions that produced the strike. He said there was widespread flouting of rules on working hours and tachographs, the instruments that monitor hours and distance driven. "It is unfortunately the drivers who suffer and have to work in very difficult conditions," he said in a radio interview.

See STRIKE, Page 10

Missile Claim Revoked in TWA Crash

The Associated Press

NEW YORK — A self-described investigator who wrote a report with Pierre Salinger, a journalist, that blamed friendly fire for the crash of TWA Flight 800 has backed away from his claim that a Navy missile downed the plane.

Jan Goddard, quoted Wednesday by CNN, said he just wanted "to give the government a black eye by any means that looked opportune. TWA 800 was just a vehicle for my larger agenda."

Mr. Salinger, a former ABC correspondent and press secretary to President John Kennedy, said Wednesday

that Mr. Goddard did not mention his change of heart in a recent conversation. He said he still believed in the theory himself, but was no longer actively investigating the crash.

Mr. Goddard, who identifies himself as a libertarian and investigator of purported government plots, told CNN his TWA efforts were "reckless and a mistake."

He has been one of the prime proponents of a theory that Flight 800 and its 230 passengers were brought down by a missile on July 17, 1996.

"I apologize to all those in the Navy I have wrongfully accused," Mr. God-

dard said. "I also apologize to those who believed in my efforts who are now upset with me for my change of mind." CNN and many other news organizations gave prominent coverage to the initial news conferences and claims surrounding the missile theory.

Mr. Goddard, Mr. Salinger and Mike Sommer released a report March 6 that said there was an extensive cover-up after a Navy missile hit the Paris-bound flight off the coast of Long Island, New York. Mr. Goddard's Internet site was one of cyberspace's largest clearing houses for friendly fire speculation.

South Africa Emerges as Continent's Powerhouse

By Lynne Duke
Washington Post Service

JOHANNESBURG — Ever since Game Stores, a South African retailer, opened a discount outlet in Windhoek, Namibia's capital, last year, shoppers from Namibia's northern neighbor have been arriving in droves.

The Angolans travel by bus and truck more than 370 miles (592 kilometers) south from the border to purchase furniture, appliances and clothing, which they often take back home to sell. Cross-border shopping also happens at other Game Stores outlets: In the northern South African town of Pietersburg, Zimbabweans are prominent buyers.

Game Stores, which has 24 stores in South Africa and two in neighboring countries, has launched an aggressive expansion drive, including plans to open 25 stores throughout Africa by 2006.

"It's becoming a natural progression for us to move farther and farther north," said Dan Barrett, a managing director of the Durban-based discount

chain. "You can dominate a market pretty quickly."

Once rejected as the economic storm trooper of white-minority rule and rapacious Western capitalism, South African businesses are cutting a path through the continent, highlighting the country's emergence as Africa's economic powerhouse.

Led by the gold- and diamond-mining houses that have long been the vanguard of its economic power, the expansion of South African business ties on the continent has spread into a host of other sectors.

South African fast-food shops and clothing stores have been opened in Zimbabwe. South African Breweries, the country's leading brewer, is established in eight African countries. And viewers in countries as far north as Kenya can watch the programs of Multichoice, a South African cable-television network.

South African supermarket chains are sprouting in Zambia and Mozambique, and all over the continent there are South African hotels, banks, restaurant chains, construction companies, rail and road engineering projects, sugar processors, paper manufacturers, mineral, oil and gas exploration efforts, even auto-service centers.

Since 1990, direct foreign investment by South Africa's private sector has increased at least threefold, to \$25 billion in 1995, the latest year for which figures are available. Investments in Africa account for a small portion of this total, but foreign-exchange requests indicate that Africa's share will increase dramatically, an official of the South African Reserve Bank said.

In addition, African governments are clamoring for investment. Kenya's officials recently appealed for more South African projects, in part to help level the country's trade imbalance with Pretoria. In Zambia, which has virtually rolled out the red carpet to all comers as part of its privatization drive, recent figures show that South African firms have overtaken British ones as the leading foreign investors. Angola was a Cold War enemy of South Africa, yet Angolan business officials are running ads in South African newspapers inviting joint-venture investors.

South Africa's push to the north is not without

See RAND, Page 11

Green Light on Suicide

Oregon Vote a Setback to Right-to-Life Groups

By William Claiborne and Thomas B. Edsall
Washington Post Service

With Oregon voters deciding overwhelmingly against a ballot initiative aimed at repealing the only U.S. law allowing physician-assisted suicide, doctors in that state can immediately begin prescribing fatal overdoses of barbiturates to terminally ill patients, according to state officials.

The 60 percent to 40 percent vote to keep the Death With Dignity law, first approved in a 1994 statewide referendum but blocked since then by a court challenge, will give momentum to similar movements in other states, advocates said.

Ken Mulligan, director of research at the conservative Free Congress Foundation, acknowledged that Oregon's affirmation of assisted suicide was a major setback to the right-to-life movement. "It definitely did get a public airing, and since it passed by 20 points, I think there is little doubt where this issue stands with the voters in Oregon."

The vote in Oregon against repealing the assisted-suicide law — much wider than the 51-49 split that passed the law in the first place — reflected, in part, a backlash against the state legislature's

decision to conduct a repeal referendum on an issue that was approved by voters three years ago.

The Roman Catholic Church, the American Medical Association and anti-abortion groups had pressed for the repeal vote. It was the first time the state legislature had tried to send back, unchanged, a law passed by citizens.

Barbara Combs Lee, a nurse and lawyer who heads the Compassion in Dying advocacy group that supported doctor-assisted suicide, called the vote a "turning point in the death with dignity movement nationwide."

"It is, now up to the citizens of each state to make the choice themselves for control at the end of their lives," she said.

A petition signature drive for an assisted suicide referendum already has begun in Michigan, and compassionate dying bills either have been introduced or are expected to be introduced in several other states, advocates of the measure said.

Ms. Lee said she did not know of any terminally ill patients in Oregon who were planning to request prescriptions for barbiturate overdoses immediately.

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AGENDA

Gore Warns Saddam on Arms Inspection

The United States is prepared to make President Saddam Hussein comply fully with United Nations requirements that he open Iraq's weapons arsenal to inspection, Vice President Al Gore said Thursday.

"We will make sure that he complies," Mr. Gore said. Mr. Saddam "must know that he has to comply with the will of the international community, as expressed in these resolutions and enforced by those, including us, who are undertaking to ensure that he complies," Mr. Gore said.

He sought to make it clear that the United States would not let the latest

showdown, over an Iraqi ban on Americans' taking part in UN arms inspections, be used by Baghdad to violate the resolutions. UN representatives were in Baghdad trying to end the dispute.

Secretary of State Madeleine Albright said later at the White House that Washington was pressing for full compliance.

"We are not ruling any options in or out," she said, adding that "it's very important for Saddam Hussein to understand that the international community is behind" efforts to gain full compliance. Page 6.

The Dollar			
	Thursday 4 P.M.	previous close	
New York	1.7227	1.7173	
DM	1.6915	1.6813	
Pound	1.2322	1.2305	
Yen	5.7885	5.7835	
The Dow			
	Thursday close	previous close	
	-9.33	7883.24	7892.57
S&P 500			
	Thursday 4 P.M.	previous close	
change	-4.25	638.51	642.76

Fears for South Korea

Worsen on New Plunge

South Korea's bond market and currency plunged Thursday, rekindling fears that its financial turmoil, highlighted by a string of corporate insolvencies, could match those in Thailand and other Southeast Asian economies.

The central bank called "exaggerated" fears that its attempt to support the won through a capital squeeze threatens South Korean banks' survival. Page 15.



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Kuwait.....	700 Fils U.S. M.L. (Eur).....

Thai Political Free-for-All Leaves No One in Charge

By Seth Mydans
New York Times Service

BANGKOK — Thailand's top leadership has all but ceased to function this week, with a welter of political parties battling Thursday for power after Prime Minister Chuan Leekpai's resignation earlier in the week.

Management of the ailing economy was effectively put on hold and the stock market rose and fell nervously as political alliances formed and dissolved from one day to the next.

On Thursday evening two coalitions, each led by a

former prime minister, announced in nearly simultaneous televised news conferences that they had enough parliamentary votes to form a government.

Viewers were left uncertain as to who was leading the country or whether elections would be held early next year, as Mr. Chuan had promised.

Along with often-conflicting reports on the political infighting, newspapers have tallied the country's growing hardships — from the rich, who are selling off

their second cars, to the poor, who are pulling their children out of school to put them to work.

The Nation daily newspaper gave vent to the frustration of many people in its lead article Thursday, which began: "Before a perplexed and dismayed public, Thai politicians are staging one of the greatest farces ever performed. The display of greed, blind ambition and disregard for decent rules of the game is taking place against the backdrop of a critically ailing economy and a worried monarch."

Thailand's nervousness was heightened by reports

See THAILAND, Page 10

the panel, convened by the National Institutes of Health, has no hindering power over doctors or insurers.

But health-policy experts said it would almost certainly increase the number of patients opting for treatment by America's 10,000 acupuncturists, and could eventually lead to greater coverage of acupuncture by insurance companies and government programs such as Medicare and Medicaid.

More generally, the statement represents a landmark expression of openness to the possibility that medical systems completely alien to scientific convention — including the Chinese medical model, which posits the existence of invisible "energy meridians" in the body — may have something to offer Western patients.

"It's a very difficult task to take a completely different system of medicine, transplant it to a system of Western medicine, and ask, 'Does it work?'" said David Ramsay, president of the University of Maryland at Baltimore and chairman of the panel. "But we did decide that in a number of situations, it really does work."

Specifically, the panel concluded there was "clear evidence" that acupuncture was an effective treatment for nausea and vomiting caused by cancer chemotherapy drugs, surgical anesthesia or pregnancy, and for pain following dental surgery. The group said there was weaker evidence that acupuncture might be effective against other conditions, including menstrual cramps, tennis elbow, the generalized muscle pain known as fibromyalgia, drug addiction, stroke and headache.

Equally important, Mr. Ramsay said, acupuncture "has fewer side effects and it's less invasive than many other things we doctors do." Given its good safety record and the fact that it is often less expensive than Western medicine, "it's time to take it seriously."

Advocates of acupuncture, about 1,000 of whom attended a three-day meeting that concluded with a "consensus statement" Tuesday gave the panel a standing ovation as Mr. Ramsay finished presenting the group's report.

"It's a very positive statement," said David Blaiwas, president of the Mary-

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THE AMERICAS

Election Lesson: Less Is More Since Voters Are Content on Major Issues

By Richard L. Berke
New York Times Service

NEW YORK — Forget the postmortems about ideological shifts, Republican revivals or which candidate had the most money. The legacy of the elections on Tuesday may simply be this: Think small.

The issues that ultimately drove the gubernatorial elections — automobile insurance rates in New Jersey and a state car tax in Virginia — had never before been in the forefront of those states' politics. That they became such central concerns, according to surveys of voters leaving the polls, underscores two realities about the current state of U.S. politics: Voters are relatively content, so elections these days are not turning on huge issues like the unemployment rate.

That has left room for issues that were seldom talked about even a few months before the elec-

tion to rise to the top of the political discourse.

The success of narrow pocketbook issues is a nod to the strategy perfected by President Bill Clinton in last year's election, when he seized on small but powerfully symbolic issues like school uniforms. It also reflects the waning of ideology in today's politics; it is a time when both parties are struggling to come up with defining issues.

NEWS ANALYSIS

"If the economy were in trouble, I don't think we'd see these issues nearly as dominant as they were on Tuesday," said former Representative Vin Weber of Minnesota, a prominent Republican conservative. "The population is pretty happy right now; people can afford to be concerned with secondary issues."

Advisers to James Gilmore, the Republican who was elected governor of Virginia, said they

believed he won by an unexpectedly large margin over Lieutenant Governor Don Beyer because he seized on an issue that was potent with many Virginians: He vowed to eliminate the state's unpopular annual tax on cars and trucks.

In New Jersey, advisers to Governor Christie Whitman said James McGreevey, her Democratic rival, came so close to ousting the popular incumbent because he also found an issue that incensed ordinary voters: the state's high automobile insurance rates.

Politicians and strategists around the country, Republicans and Democrats alike, said in interviews Wednesday that if the economy holds and there are no other burning new issues, the hunt for the small-bore issues may become a hallmark of next year's congressional and gubernatorial races.

"You have to pick a particular burr under the saddle," said Governor Howard Dean of Ver-

mont, chairman of the Democratic Governors Association. "And I think Gilmore and McGreevey did it very effectively."

Mr. Dean said he would advise Democratic candidates next year to look for issues that touch voters. "It will be different in different states," he said. "It could be hog farm regulations in Iowa, tort reform in Alabama and the Confederate flag in South Carolina."

Governor Tommy Thompson of Wisconsin, a Republican who is up for re-election next year, agreed that the victory of Mr. Gilmore in particular was "a lesson for all Republicans."

"You've got to make the issues understandable," Mr. Thompson said, "so they can be internalized. A family could understand that if they voted for Gilmore they were going to get a reduction in their taxes on the car. People could internalize that."

Another attraction of these narrower issues is

that they have a populist cast and, far from abstract, can be easily understood by voters. And they meet the needs of politicians who, in these days of fiscal austerity, do not dare propose high-cost measures.

That there were hard-fought races over issues that had not been on the radar screen in Virginia and New Jersey also underscores a relative contentment among voters with the status quo.

In both places, the exit polls found, voters were overwhelmingly satisfied with the state of the economy. And despite Mrs. Whitman's close call, the bottom line is that in New Jersey and Virginia and in Staten Island's special election for the House of Representatives, Republicans retained the seats.

In New Jersey, the exit polls showed, nearly nine of 10 voters said the issue of automobile insurance was important in making their choice for governor.

Clinton Offers Workers Aid In Bid to Win Trade Battle

By John M. Broder
New York Times Service

WASHINGTON — Scrambling to entice Democrats to support enhanced trade negotiating authority for President Bill Clinton, the White House has offered programs to aid workers and communities hurt by future trade agreements.

White House officials said the package would be worth roughly \$4 billion over the next five years and would pay for job training, community development and environmental repair.

In fact, the initiative provides only about \$1.5 billion in proposed new money for trade-related assistance. The rest represents existing spending or hypothetical expenditures that have not been presented to or approved by Congress, aides said.

Despite the relatively modest dimensions of the program, the announcement brought the president a handful of converts to support so-called fast-track authority. But at the end of the day, Mr. Clinton was still shy of the 218 votes he needed to prevail in a pivotal vote Friday in the House of Representatives.

Under fast-track negotiating authority, which presidents wielded from 1974 until it expired in 1994, Congress may only approve or disapprove trade agreements but not amend them.

In an Oval Office appeal for support of the measure, Mr. Clinton asserted that presidential authority and U.S. prestige were on the line.

"The main thing is, I just ask the American people to give me the benefit of the doubt on this," Mr. Clinton said. "We've got to sell more to other people. There is not an option. And refusing to do it won't save jobs, won't keep incomes up and won't help us help other people around the world."

But critics were skeptical that the repackaging of existing programs would be sufficient to tip the congressional balance in favor of the measure, which commands broad Republican and business support but has divided the Democratic Party.



Ross Perot assailing the Federal Election Commission in San Francisco.

Perot Sues Both Major Parties

SAN FRANCISCO — Continuing recent efforts to insinuate himself back into politics, the billionaire Ross Perot has sued the Republican and Democratic parties and the Federal Election Commission in federal court in a push for the rights of minor party candidates.

The suit contends that large chunks of federal election law are unconstitutional and discriminate against small political parties. It also asserts that the commission — composed of three Democrats and three Republicans — does nothing to protect minority candidates.

At a press conference in San Francisco, Mr. Perot asserted that both parties had ignored federal restrictions on so-called soft money — which may be used only for party-building activities such as voter-registration drives — during the 1996 presidential campaign in the knowledge that they would not be prosecuted by the commission.

Both parties "were guilty, and since they own the system, they both put a gun to one another's head," said Mr. Perot, who ran for president unsuccessfully in 1992 and 1996. "One said to the other, 'If you take us down, we'll take you down.'"

A Chance for Bureaucrats to Star

WASHINGTON — President Bill Clinton and the entire executive branch are about to get a television station devoted to covering their every public move.

The "Information Superstation," a new TV channel with a mission to keep cameras running at the White House and federal agencies all over Washington, plans to start broadcasting next month in the Washington area. Because it is only licensed for low-powered transmission, coverage will be limited to the area within and around the Beltway.

If you happen to be among those who think C-SPAN, the channel which specializes in Congress, is about as exciting as watching an unplugged toaster, you might wonder: What kind of audience could there be for a TV channel devoted to covering, unfiltered and unedited, the daily parade of White House photo opportunities, Agriculture Department briefings and conversations from the control room of the National Aeronautics and Space Administration?

"There are approximately 38,000 top executives in the federal government that we will be reaching," said a spokesman for the station owner, Dennis Dunbar, a 46-year-old entrepreneur. "And there are over 2,200 associations and nonprofit groups in town. These will be a powerful audience for us in the beginning."

Quote/Unquote

David Kendall, the president's lawyer, after employees of a Little Rock, Arkansas, junkyard discovered in the trunk of an abandoned car a rotting collection of files that included a check for more than \$20,000 payable to Bill Clinton from Madison Guaranty Savings & Loan: "They may have the authenticity and credibility of a newly discovered and freshly written Elvis autobiography."

Mail-Order Shoppers Facing First Out-of-State Sales Taxes in '98

By David Cay Johnston
New York Times Service

NEW YORK — The coming holiday season could be the last for a cherished loophole that lets U.S. mail-order shoppers avoid paying sales taxes on purchases from out-of-state companies.

Under an agreement negotiated by officials of the biggest states and a trade group for the mail-order industry, many merchants will begin collecting sales taxes on such transactions.

The agreement, which is expected to be announced Friday, will cost consumers about \$1.2 billion a year, representatives of both sides in the talks said Wednesday.

Legally, such purchases are subject to the same tax as a customer's transactions at the local department store. But tax collectors have had no way to compel out-of-state merchants to collect the tax on their behalf, and catalogue retailers and other direct marketers have generally shunned the task.

But such big mail-order sellers as Lands' End and L.L. Bean have sought such an agreement, and the talks are being closely watched by other companies that sell through the mail, by phone or cable television or over the Internet, including Dell Computer, Microwavehouse, Gateway 2000 and American Express.

The companies assert that they will lose little in sales by ending a tax break their customers have long enjoyed, according to Robert Levering, a vice president of the Direct Marketing Association, which represents the mail-order companies in the negotiations.

Mr. Levering said he expected the agreement to be in effect in the highest states in about a year.

Although a business could preserve a price advantage by continuing to refuse to collect sales taxes, such a refusal would be an invitation to tax collectors in various states to audit its sales.

Still, retailing experts say some categories of businesses are likely to stay

out of the voluntary agreement, including companies that sell low-cost goods or products with thin profit margins.

Still, the agreement — made possible by software that makes it easier for mail-order companies to calculate the hundreds of different sales taxes imposed by states, cities and special dis-

tricts — would help solve problems for states and companies alike.

State and local governments, which impose sales taxes of 2 percent to about 9 percent, complain that they are losing sales taxes on much of the more than \$215 billion of annual mail-order sales — and that the growth of sales on the

Internet poses an added threat to their tax base. For their part, the mail-order companies are weary after years of litigation needed to maintain the exemption from collecting sales taxes, which the U.S. Supreme Court has preserved for businesses that do not have any physical presence in a state.

Away From Politics

• Don't tell Dany Marga Valdes that organized labor is having a hard time signing up new members. The 29-year-old California actress has been trying for six months to join the Screen Actors Guild. But the union says her work is not mainstream film entertainment. Valdes, or Dany Marga on the screen, is an "adult film" actress. She has appeared in 70 films in three years with such titles as "Night Shift Dark Angels" and "Hustler Letters."

• A woman has reached a \$10.6 million settlement with a hospital and two psychiatrists in Chicago over accusations she was brainwashed into believing she was a satanic high priestess. The settlement casts more doubt on techniques to help patients

recall traumatic experiences believed to be blocked from their memory, her lawyer said. Rush Presbyterian-St. Luke's Medical Center agreed to pay Patricia Burgess \$3.5 million, the lawyer said. The rest will be paid by the therapists.

• The Manhattan district attorney said he would not seek the death penalty for the man accused of killing a high school teacher, Jonathan Levin, son of the Time Warner chief, during a robbery in May. It was the eighth such case that Robert Morgenthau, the district attorney and an opponent of capital punishment, has considered since New York reinstated capital punishment two years ago. In each case, he chose to seek a sentence of life without parole.

Houston Keeps Affirmative Action

By Sam Howe Verhovek
New York Times Service

HOUSTON — Just a day after the Supreme Court upheld California's sweeping ban on affirmative action policies, workers in Houston have put a surprising brake on a national movement that has often seemed unstoppable.

In voting decisively to maintain affirmative action policies, Houstonians not only belied the city's conservative image, they offered a window on the complicated feelings many Americans say they have about the issue.

Interviews with voters and an analysis of exit polls indicate the proposal to ban affirmative action here failed for the following reasons: affirmative action supporters kept opponents from seizing the rhetorical high ground of equal opportunity and civil rights; Houston's business and political establishment showed a united face in favor of the program, and contemporary Houston is more politically and racially diverse than lingering stereotypes would have it.

For example, Houston's

mayor, Bob Lanier, a wealthy, white real estate developer, appeared all over the city and on local television, saying: "Let's not turn back the clock to the days when guys like me got all the city's business."

The vote Tuesday followed tumultuous debate in the City Council over wording. Rather than being asked, as in California, whether they wanted to ban discrimination and "preferential treatment,"

voters were asked whether they wished specifically to ban affirmative action in city contracting and hiring. The legal effect was the same, but to the revised question they answered, "No," 55 percent to 45 percent.

Many corporate leaders strenuously opposed the ballot proposal, called Proposition A, on the grounds that Houston's ethnic diversity was a great asset nurtured in part by affirmative action.

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ASIA/PACIFIC

Reports of King's Illness Rock a Shaky Thailand

Stocks Fall as Parties Squabble Over Leadership

By Thomas Crampton
International Herald Tribune

BANGKOK — Reports of the possible illness of King Bhumibol Adulyadej of Thailand sent shudders around the region that a country already beset by economic and political woes would be dealt another blow.

King Bhumibol went to Siriraj Hospital on Thursday for examination of an abnormal heartbeat. The palace said a statement on his health would be released Friday. The king has a history of heart problems.

His physician had warned that the 69-year-old monarch was worried about the political situation in Thailand as bitter rivals battled to replace Prime Minister Chavalit Yongchaiyut, who resigned as of midnight Thursday under criticism for failing to stem the country's economic and political turmoil.

[Thailand's squabbling political parties announced Thursday they were forming two rival coalitions to replace Mr. Chavalit, Agence France-Presse reported from Bangkok.]

[One group of four parties is headed by Chatichai Choonhavan, a former prime minister and leader of the National Development Party, while the other group of seven parties is dominated by the opposition Democrat Party headed by Chuan Leekpai.]

The political wrangling comes amid a worsening economic crisis that forced Thailand to take a \$17.2 billion bailout led by the International Monetary Fund.

The IMF said Thursday that the country's deteriorating economic situation meant the recovery program needed to be strengthened by further spending cuts and higher interest rates.

The coincidence of the

monarch's illness with political and economic turmoil raised deeper concerns Thursday about stability.

"The extent to which Thai people link the current crisis to the deterioration of the King's health, his sickness is an extremely important development," said Mark Sundberg, co-head of Asia Pacific research at Salomon Brothers in Hong Kong.

"He is an important symbol with his unique ability to moderate between factions at times of crisis, like now. If he's physically unable to fulfill that role, it raises concerns about how far the breakdown in leadership can unravel," Mr. Sundberg said.

In Bangkok, the benchmark SET stock index fell by 1.8 percent Thursday. The Thai baht firmed to 38.70 to the dollar in onshore trading Thursday but remained weak in after-hours offshore trading at 39.30.



Former Prime Minister Chatichai Choonhavan with members of his new coalition.

"Even the king just visiting the hospital is tremendously destabilizing," said Jim Walker, chief economist of Credit Lyonnais. "If it turned out there was something serious, it would cast a pall over both the currency and stock markets."

While King Bhumibol derives much of his power from

tradition, he is personally adored for his public works. Before the showing of every film in Thailand, audiences stand for the royal anthem while an aged newsreel shows the monarch trudging down a muddy path to oversee village development projects.

"The Thai people's devo-

tion to their king is as strong as that of the Japanese for their Emperor before World War II," a Western ambassador said. "He is a sort of god-king with little constitutional authority, but wields power to influence events through the people's personal affection for him."

Malaysia Silences Reports on Smog

Gag Order Assailed as 'Shocking'

Agence France-Presse

KUALA LUMPUR — The Malaysian government has banned academics from making statements on the country's haze problem, drawing warnings Thursday from opposition leaders about threats to freedom of speech.

Education Minister Mohammed Najib bin Abdul Razak moved Thursday to clear up confusion over the directive from his ministry after some local newspapers quoted him as saying that the ban on speaking out covered all "sensitive" issues.

"The directive only applies to the haze issue," Mr. Najib was quoted by the Bernama news agency as saying. "Today's report is misleading, giving the impression that it is a blanket restriction."

Mr. Najib said the gag order was not meant to isolate academics or researchers from the media nor to demoralize them.

Citing a report that quoted a researcher as saying that breathing air during the haze was equivalent to smoking 40 cigarettes a day, Mr. Najib said such findings that were "speculative in nature" and not scientifically proven.

"Painting such a picture could give a negative image of Malaysia, causing a scare among Malaysians and preventing foreigners from coming to the country," he said.

Mr. Najib said the researchers could still publish their findings, but those related to the environment and haze would have to be submitted to higher authorities for approval.

The directive was issued, he said, because some recent comments by academics on the haze problem had been manipulated by the foreign media to mar the country's image.

"Though some of them are experts in their respective fields, their statements on

specific issues could give a worrying picture and we want to avoid the alarmist attitude," Mr. Najib added.

Officials have said tourists were scared off by such reports, especially after pictures of Malaysians wearing masks in the streets were beamed across the world.

The opposition leader Lim Kit Siang moved the government move as "most shocking."

"The government is taking a step backward at a time when there should be greater transparency and openness to help restore confidence in the wake of the country's financial crisis," Mr. Lim said.

"There seems to be a back-peddling to clamp down on the free expression of diversity of views, which is most unhealthy," he added.

Mr. Lim called on the government to cancel the ban immediately, saying it should instead "seek greater expression of views and concerns and awareness on environmental degradation."

Another activist, Fan Yew Teng, criticized the government for "treating our university professors and lecturers as small boys that cannot be trusted."

Mr. Fan described the move as "absolutely absurd" and in "utter contradiction" to the government's plans to allow a free flow of information in an ambitious multimedia "super corridor" project.

"These are supposed to be learned findings and serious research," Mr. Fan said. "What is the government afraid of? Instead of barring the academics from speaking, they should challenge them to prove their findings."

"It's another black day for the freedom of speech and freedom of research especially when it is applied to learned people," Mr. Fan added.

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BRIEFLY

China Invites Taiwan Official

TAIPEI — Taipei said on Thursday that Beijing had invited a senior Taiwan negotiator to a December seminar in southeast China, calling the move a positive sign but declining to say if he would accept.

Such a visit could move the two rivals closer to ending a deadlock over high-level contacts that has lasted more than two years.

Taipei's Straits Exchange Foundation said its mainland counterpart, the Association for Relations Across the Taiwan Strait, had invited Deputy Chairman Chiao Jen-ho to attend a seminar in the coastal city of Xiamen. The foundations handle ties between the two countries in the absence of official contacts. Mr. Chiao, who doubles as the foundation's secretary-general, is the island's chief negotiator and oversaw the semi-official bilateral technical talks, which Beijing broke off in mid-1995. (Reuters)

U.S.-Japan War Games Begin

TOKYO — Warships from Japan and the United States started large-scale exercises in the Sea of Japan on Thursday, their first maneuvers since the announcement in September of a new bilateral security arrangement.

The "Maritime Self-Defense Force Exercise" will last a week and involve eight ships from the Japanese Navy, including the Aegis-class cruiser Kirishima, and 11 from the U.S. 7th Fleet, led by the aircraft carrier Independence. The 7th fleet has its home port in Japan.

In September, the United States and Japan agreed on a set of "guidelines" to military cooperation under the 1960 U.S.-Japan Security Treaty. The guidelines stipulate that Japanese warships will take part in blockade, minesweeping and support operations in a future regional conflict. (Reuters)

Former Indian Minister Freed

NEW DELHI — The Supreme Court on Thursday acquitted a former government minister, Kalpana Rai, of charges of harboring an alleged criminal, the Press Trust of India reported.

The court overturned a verdict by a special court that judges cases under an anti-terrorist law. The special court had sentenced Mr. Rai to 10 years in prison. He had been accused of harboring an alleged criminal involved in a 1992 shoot-out in Bombay.

Mr. Rai was food minister in the Congress Party government of former Prime Minister P.V. Narsimha Rao. After the party dropped him as a candidate, he contested from jail and won a seat as an independent in the 1996 general election. (Reuters)

Separatists Strike in Kashmir

SRINAGAR, India — Shops and businesses closed, and demonstrators clashed with police Thursday in Srinagar, the biggest city in the disputed territory of Kashmir, after separatists called for a strike to protest the arrest of a senior separatist leader.

The All Parties Hurriyat Conference, Kashmir's main separatist alliance, called the strike after police arrested Mohammed Yasin Malik, chairman of the Jammu and Kashmir Liberation Front, and a dozen of his associates on Wednesday. Most Srinagar streets were deserted on Thursday in response to the strike call, witnesses said.

In the Maisuma area, in the heart of Srinagar, protesters were tear-gassed after they threw stones at policemen, witnesses and police said. The Jammu and Kashmir Liberation Front office is located in Maisuma.

The Jammu and Kashmir Liberation Front, which declared a cease-fire against Indian security forces in 1994, wants Kashmir's independence from both India and Pakistan. India controls two-thirds of Kashmir and Pakistan the rest. Police said at least three other Hurriyat leaders were put under house arrest on Wednesday as a precautionary measure. (Reuters)

EUROPE

Albright Says U.S. Leans to Bosnia Troop Extension

By Steven Erlanger
New York Times Service

WASHINGTON — Secretary of State Madeleine Albright says that "a consensus is developing" between the administration and Congress that U.S. troops will be needed in Bosnia after the mandate of the NATO-led force expires in June.

She spoke Wednesday after a lengthy meeting at the White House on Tuesday night involving President Bill Clinton, key cabinet members and congressional leaders.

Administration officials said they were "pleasantly surprised" by the tone and comity of the long discussion, which they said had focused on the costs that a premature exit from Bosnia could have for American leadership, NATO and regional stability.

Mrs. Albright was explicit. "A consensus is developing that there will be or should be some form of U.S. military presence" after the departure of the stabilization force now keeping the peace in Bosnia, she said.

"There is a consensus that we need to do whatever is necessary to make it work."

While Mrs. Albright said that Mr. Clinton had made no final decision, the president attended a cabinet

meeting on Oct. 27 where officials reached a "broad consensus" on the need to keep U.S. troops in Bosnia after June, according to senior officials.

[On Thursday, Defense Secretary William Cohen said that there was "no consensus" yet on the need for U.S. troops to stay in Bosnia after their current mission ends.

Mr. Cohen conceded that there seemed to be a "developing consensus" that some form of international military presence will be needed past June next year.

"But there has been no decision made, no consensus established in terms of what form that international presence would take," he said, "whether the United States would participate in it and what form: be it intelligence, logistics, support or military."

That has yet to be decided or defined, and so no such consensus exists, he said.

White House officials, openly worried about Congress, have been squeamish about tying Mr. Clinton to any serious discussion — let alone decision — on extending the presence in Bosnia again. And even on Wednesday, the White House press secretary, Michael McCurry, was careful to say that Mrs. Albright's comments reflected "her

own sense of what — I mean, her analysis of the room."

"I don't think it would be fair to say that there is any consensus now," Mr. McCurry said. "I think what was clear at the meeting was that there is the prospect the president could build that consensus with hard work."

His interpretation struck some officials who had attended the meeting as odd, since Mrs. Albright did not say that a consensus existed but that one was "developing."

Even so, Mr. McCurry shielded away from even that phrasing, saying: "We clearly have to build it. It's not there now."

we're not stimulating businesses enough and we have to learn to better cooperate together."

Mr. Blair said the European Union was "not currently functioning to the benefit of its people."

"It's important that politicians who truly care about Europe be ready to effect the necessary change that better corresponds to what they wish," he said.

On the single European currency, or euro, Mr. Blair said Britain would take a constructive approach to its introduction.

Britain will hold the presidency of the European Union in the first six months of 1998, a crucial time for monetary union. EU leaders will vote in May on which nations will be allowed to join the single currency at its inception on Jan. 1, 1999.

Mr. Blair also justified his government's decision not to take part in the first wave of monetary union, reiterating that the economies of Britain, France and Germany had not yet converged.

Mr. Chirac and Mr. Jospin were due to attend a reception dinner at No. 10 Downing Street hosted by Mr. Blair.

PARIS — Britain wants to be a dominant player in the European Union so that it can help reform the 15-nation bloc and bring it closer to the people, Prime Minister Tony Blair said in an interview published Thursday in the French daily Le Monde.

In remarks before a two-day meeting of British and French leaders in London, Mr. Blair reaffirmed his commitment to Europe, saying it was in Britain's interest to be "a dominant player" in the EU.

Saying he had "very warm relations" with France's president, Jacques Chirac, and its prime minister, Lionel Jospin — both of whom were in London for the meeting — Mr. Blair said: "I feel at home in Europe. I like Europe. I want Britain to be part of it. I think it is part of our destiny."

But the Labour prime minister, who in his younger days lived and worked in Paris, said Europe "must change" or face serious problems.

"I believe passionately in the reform of Europe," Mr. Blair said. "Its institutions lose a lot of time. Its unemployment rate is too high. We are not creating enough jobs,



LAWYERS OUT — Lawyers demonstrating Thursday in Montpellier, France, during a nationwide strike that lasted all day in some places. They say a lack of resources has caused unacceptable backlogs in cases.

Blair Sees Britain As EU Reformer

Compiled in the Staff From Dispatches

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(AFP, AP)

Hungary's Hard Sell on Joining NATO

From TV Sitcom to Computer Game, Ad Blitz Pushes 'Yes' in Referendum

By Christine Spolar
Washington Post Service

BUDAPEST — There is no mistaking how Hungary, a former Communist country whose critics say it still has something to learn about what separates persuasion from propaganda, wants people to think about NATO.

Tune in to a top Hungarian television situation comedy, "Family Ltd.," and see its newest character, Major Zoltan Kardos — whose creation was paid for by the government — tout the military alliance.

Click on a widely popular radio soap opera and hear an episode — also paid for by the government — in which the actors gush about life after the Warsaw Pact.

Pop into a school library and test the newest CD-ROM game for computer whizzes: a free piece of slick, unabashedly pro-NATO software distributed by the government and paid for by an American military contractor vying for aircraft business, McDonnell Douglas Corp.

What began this spring as an apparently sincere and somewhat unsophisticated gambit to increase public support for joining NATO has turned into a heavily financed hard sell.

Hungary, Poland and the Czech Republic have been invited to join the North Atlantic Treaty Organization in its historic first phase of expansion into Eastern Europe's formerly Communist states. Only the Hungarian government decided early in the process — largely to soothe anti-NATO sentiment within the governing Socialist Party — to gauge public approval with a referendum.

Now, with the critical vote set for Nov. 16, Hungary's political elite has combined two powerful societal forces — money and media — to generate pro-NATO sentiment and bury opposition.

Even top-level government proponents admit that the campaign — which by some estimates will pump up to \$2 million this year into print and broadcast media for stories and programs — has worked itself into a state of nervous agitation.

The edginess, they admit, comes from fear of failure. Government officials in top NATO-sensitive ministries, such as Foreign Affairs and Defense, are unnerved by the specter of Hungarians snubbing the important vote.

Twenty-five percent of the voting population must cast favorable ballots for membership to go forward. And turnout must exceed 50 percent for the referendum to be binding; otherwise, the matter would revert to Parliament — and serious questions would be raised about support for NATO.

Indeed, a recent Gallup Poll estimated that 45 percent to 55 percent of voters are likely to go to the polls, which prompted orders to dozens of civil servants to hit the road to woo voters.

"Of course we are nervous," said Matyas Eorst, a political officer in the Foreign Ministry, which has handed the most money to the media. "It's a risk. It's a very big risk."

"And this has been very frustrating," he added. "The question is, How do you inform people? How do you get into the apartment across the street, to the person who won't go to rallies, and when we have a serious program on TV, he switches it to 'Dallas'?"

The referendum has become a high-profile and potentially embarrassing test as the expansion debate heats up to the West, particularly in the United States.

"The NATO people I talk to are very diplomatic," said Tamas Wachsler, head of the defense committee in Parliament. "About the referendum, they say, 'It's your business.' But privately

they tell me, 'Do the best you can to win.'"

In Poland, eight of every 10 citizens supports joining NATO. But enthusiasm in Hungary and the Czech Republic has lagged. Polls over the last two years found fewer than half of their citizens clearly supported NATO. Since the alliance extended invitations to the three former Communist countries in July, backing has pushed past 50 percent but remains unpredictable.

In Hungary, for instance, Gallup results since July show support rose to 61 percent, dropped to 51 percent and, most recently, climbed to 58 percent. Less malleable — and more frustrating for those NATO proponents looking for votes — are the people who do not know or do not care about what will be a significant — and costly — military restructuring. Between 20 percent and 22 percent of those polled remain consistently uncommitted.

Critics of Hungary's pro-NATO campaign, which even to the casual observer is starting in breadth, say that what they're seeing and hearing amounts to unfair, government-financed media manipulation.

Alba Kor, a peace-advocacy group, has filed six complaints with the government since May. The government's media complaint board, in fact, sided with Alba Kor in two decisions. It found individual television and radio programs had an unfair advantage in touting

ago by the U.S. space shuttle Atlantis and had remained in its packing outside Mir.

Solar panels are used to soak up power from the sun and provide energy for Mir, which has suffered repeated problems since it collided with a cargo craft June 25, the worst accident in its 11-year history.

Mr. Solovyov and Mr. Wolf are scheduled to make the next space walk on Dec. 5 to replace several U.S. scientific devices placed outside Mir in experiments.

Other problems aboard Mir have included malfunctions in the main computer and in energy and oxygen supplies.

NATO. The board essentially ruled that the public should know who pays for such programs and be exposed to other points of view.

But the media board is a relatively new phenomenon in a country that was the slowest among the East European NATO contenders to encourage independent broadcasting. So it has been largely ignored by offenders who continue to operate without penalty.

Producers like George Gat laugh off the rulings. Mr. Gat created "Family Ltd.," and has made films for the army since the days of Communist rule. He has refused to run disclaimers demanded by the media board.

"The media board tells me one thing, and the Defense Ministry sends over advisers to help me with my program. What does that tell me about who I should listen to?" Mr. Gat said, shrugging his shoulders. "I give the Defense Ministry good things and they help me."

"That's how things go here," he added. "Money makes the world go round."

Indeed, weeks after the ruling, Mr. Gat and Lieutenant Colonel Jozsef Varga of the Hungarian Army invited a reporter to a taping of "Family Ltd."

Colonel Varga watches every week to ensure that the actor Tamas Toth gets the ministry's sentiments just right.

Mr. Toth's character was added just before Hungary was invited to apply for NATO membership. He does not spout alliance doctrine. Instead, his character is a sweet-faced, solid sort who seems to have the right answer for every dilemma.

Colonel Varga and Mr. Gat say they do not want to force-feed Hungary with NATO. Instead, they want the character to ooze comfort and make military restructuring palatable.

"I'd lose the audience if I tried anything more concrete," Mr. Gat said.

The leader of Alba Kor, Tamas Csapody, said Mr. Gat and other producers were taking easy money from the government. He accused the media and the government of "playing a shell game" with rules and democracy.

"What the ministries do — by ignoring the wrong — is show the whole weakness of Hungarian democracy," Mr. Csapody said. "We have to go to court now to force them to abide by their own law."

Officials involved in the referendum acknowledge that money has flowed freely since August in an effort to combat voter malaise.

But the polls also show that voters may be suffering from "NATO overkill" — a saturation of publicity about the vote. A survey this week found success clearly will be linked to turnout: Those most likely to vote support alliance membership.

'Mad Cow' Is Ground for Feed

BRUSSELS — The cow identified last week as the victim of Belgium's first case of "mad cow" disease was ground up and used in a batch of animal feed, some of which has been exported to Poland and the Netherlands, the Agriculture Ministry acknowledged Thursday.

The mix-up occurred because the animal was initially thought to be suffering from rabies, a spokesman said.

By the time laboratory tests revealed that the animal had been suffering from bovine spongiform encephalopathy, the carcass had already been used for feed.

Agriculture Minister Karel Pinxten said last week that the animal had been slaughtered and buried in accordance with European Union rules.

(AFP)

Britain to Reform Rape Trials

LONDON — Britain's home secretary, Jack Straw, pledged Thursday to change laws on rape trials after a serial rapist was allowed to interrogate his victims in court for five days.

It was the second such case in the last year and Mr. Straw said it must never happen again. "I am as appalled as anyone else to read of rape victims being questioned in this way and I am determined they should not have to go through this traumatizing experience," he wrote in the Daily Mirror.

In the latest case, a 43-year-old rapist appeared to do his utmost to humiliate his victims, a 38-year-old widow and a 31-year-old neuroscientist. He made one of them read aloud intimate details from the statement she gave to police about the attack, when he held her prisoner for 10 hours in his apartment.

He shouted at the women and when they hesitated over his personal questions, reminded them they were under oath and obliged to reply. The judge reprimanded the rapist for his "appalling outbursts" but had no power to prevent him from cross-examining his victims. (Reuters)

Ban on Human Cloning Voted

STRASBOURG — The Council of Europe adopted Thursday a protocol banning human cloning, which it said was the first legally binding international text on the subject.

The document, which must now be ratified by members of the 40-nation organization, prohibits "any intervention seeking to create a human being genetically identical to another human being, whether living or dead."

The council said the ban, which followed the recent cloning of a sheep by British scientists, was intended "to protect the identity of human beings."

(Reuters)

Scientology Ruling Is Avoided

BERLIN — Federal judges refused Thursday to rule on whether the Church of Scientology is a religion, ordering a lower court to focus instead on the group's status as a nonprofit group or a money-making business.

The case, concerning a Scientology branch in the state of Baden-Wuerttemberg, already has been bounced several times from court to court — reflecting the sensitive nature of Scientology's status in Germany.

German politicians contend that the group is a money-making business with totalitarian aims to overthrow democracy; the Scientologists say they are a nonprofit religious group that is discriminated against in Germany.

Judges said Thursday that Scientology's religious status is irrelevant to this case, which focuses on whether a branch of the group in Baden-Wuerttemberg should be afforded nonprofit status. The federal judges said that Scientology should be considered a business only if it made a profit from selling educational materials to non-members.

(AP)

Russian Astronauts Replace Mir's Solar Panel

Reuters

KOROLYOV, Russia — Two Russian cosmonauts made a space walk of more than six hours on Thursday to install a new solar panel on the aged Mir space station and increase its energy supplies.

Anatoli Solovyov, the flight commander, and Pavel Vinogradov, an engineer, also worked on an air purification system and tried to mend a leaking hatch.

"We congratulate you and thank you for your work," the flight director, Vladimir Solovyov, told them from Mission Control here.

He said the new solar panel would soak up twice as much energy as one dismantled by the cosmonauts during another long space walk on Monday.

Mr. Solovyov, 49, and Mr. Vinogradov, 43, spent 47 minutes more than planned in space. Two sections of the solar panel failed at first to unfold properly, and the operation had to be completed manually.

Their sortie took 6 hours 17 minutes. An American astronaut, David Wolf, 41, was backing up his colleagues inside Mir during their space walk.

The solar panel was delivered two years

ago by the U.S. space shuttle Atlantis and had remained in its packing outside Mir.

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Mr. Solovyov and Mr. Wolf are scheduled to make the next space walk on Dec. 5 to replace several U.S. scientific devices placed outside Mir in experiments.

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INTERNATIONAL

UN and Iraq Continue Sparring

Baghdad Told to Stop Moving Equipment, a Policy It Defends

The Associated Press
UNITED NATIONS, New York — The Security Council told Iraq on Thursday to stop moving sensitive equipment away from UN surveillance cameras after the Iraqi foreign minister said it had done so to protect them from possible U.S. air strikes.

A UN spokesman, Fred Eckhard, also said Thursday that the three-member diplomatic team that went to Baghdad to tell Iraq to cooperate with UN inspectors would leave Friday, probably without meeting President Saddam Hussein.

Mr. Eckhard said that the team delivered a letter from Secretary-General Kofi Annan and had "been doing a lot of listening" in more than 10 hours of meetings over the last two days.

The chief UN weapons inspector, Richard Butler, had hoped to get his experts in Thursday to verify whether Iraq has been tampering with surveillance cameras at suspected weapons sites and removing sensitive equipment.

The inspections are meant to check whether Iraq has destroyed all long-range missiles and weapons of mass destruction, including poison gas and lethal biological toxins. That is the key requirement for lifting UN sanctions im-

posed after Iraq invaded Kuwait in 1990, touching off the Gulf War.

But the inspections were canceled after Iraq — for a fourth successive day — refused to admit American members of the team to facilities the members wanted to inspect.

"It looks a little bit like 'The cat's away, the mice will play,'" Mr. Butler said. He added that U-2 surveillance flights, which were suspended this week, would resume Monday.

In a letter to the Security Council, Iraq's foreign minister, Mohammed Said Sahhaf, acknowledged that some equipment had been moved, but said Baghdad took the action only because it feared a U.S. air strike was imminent.

"Therefore, we have taken some measures, which are precisely to move to distant sites the equipment that may have been subject to military attack," he said.

He added that the equipment would be returned to the original location and the UN would be allowed to inspect it once any threat of an air strike ends.

"We stress that these equipments will not be used for any proscribed military activity during this period," he said.

Mr. Sahhaf reported that one surveillance camera was damaged Wednesday in an explosion during Iraqi military

tests of two short-range missile engines. Short-range missiles are not banned by the United Nations.

In a carefully crafted statement, the Security Council said it "hopes that any recurrence" of those actions "will be avoided" since they were "not in conformity" with UN orders.

The chief British delegate, John Weston, said that "there was very great concern" about the latest Iraqi actions and that the UN envoys should raise the issue with the Iraqi government.

Britain and the United States have taken the strongest line against Iraq of any of the 15 Security Council members.

Mr. Butler said that he considered the situation "very serious" and that the Iraqis had never before tried to block surveillance cameras in such a manner.

In Washington, Vice President Al Gore said that Mr. Saddam "must know that he has to comply with the will of the international community."

"We will make sure that he complies," Mr. Gore said.

The U.S. defense secretary, William Cohen, said a response "could include further economic measures. They could include military as well. This is not a negotiable item."



Iraqi women waiting outside a Red Crescent office in Baghdad on Thursday, hoping to get food supplies.

Q & A / Rolf Ekeus

Saddam's Attempt To Sow 'Confusion'

In barring U.S. weapons inspectors, Saddam Hussein is trying to undercut the United Nations Special Commission as the key judge of Iraqi compliance with the elimination of its weapons of mass destruction, according to Rolf Ekeus, the Swedish diplomat who headed the commission until July. Now his country's ambassador to Washington, Mr. Ekeus talked with Joseph Fichetti of the International Herald Tribune.



Q. Why is Baghdad defying the United Nations and why now?

A. This is not atypical of Saddam Hussein. We've encountered blockages, recurrently, and I myself had to lead missions to Baghdad with stern warnings. I was certainly convinced of Security Council determination, and maybe that made me convincing.

The situation became more difficult last year when the Iraqis started systematically trying to slow down and block our work. We had reached the conclusion that Iraq was hiding materials and programs, and trying to find them led us into very sensitive areas.

As our target list sharpened, it moved away from production facilities to focus on what we called the concealment mechanism. That led us to see that the secrets and components of these programs were held in selected brigades of the Republican Guards and actually within special sections of the Guards handling security in liaison with parts of Iraqi intelligence. These are key forces propping up the leadership, so were we tackling the core of the system. Not surprisingly, the closer we probed, the stronger the resistance became. I carefully briefed Security Council members about what we were going to do, and I met no objection from any government.

Q. And your successor has continued this pressure?

A. Indeed, but of course Iraq did, too. When Richard Butler took over from me in June, Iraq tried to change the rules, but the Security Council reacted handsomely, with a 15-0 condemnation — and with the October warning. By that date, Iraq was told, it had to stop trying to bar us from so-called presidential areas or face further restrictions, aimed at the right Iraqis and not just the Iraqi people.

Unfortunately, when Mr. Butler reported that resistance was continuing, the Security Council was not ready to give him the backing he sought. In this instance, there seems to have been some confusion in the council about the mixture of improvements and some major challenges. The United States renegotiated the terms of its initial, logical resolution, but in spite of this softening, which surprised many of us, some of the council's members decided not to vote in favor. It was the first time that the outcome was not 15-0.

Q. Did France and Russia abstain ...

A. ... and China ...

Q. ... because they thought that Iraq has been defanged and the commission is being too punitive?

A. Not at all. The best work on poison gas and on biological weapons is done by French and Russian specialists on the commission, so France and Russia know very well that the chairman would be contradicting the conclusions of those countries' top scientists if he said "mission accomplished."

Q. Did Washington send the wrong signal by compromising on the resolution?

A. No, I think the United States did the optimum and got a good, binding resolution. The other three did what they thought was just. But the effect was to provide an opening for Iraq to try going further. Iraq could sharpen the argument that they have been making for at least a year. They say, we have no weapons, but the commission says they do. So their problem was the credibility of the commission. That is why they stepped up attacks on the commission, finally saying that it was in the pay of the almighty CIA. The theme was that the commission was carrying out the agenda of the United States. If they could separate out the Americans, they could neutralize the commission.

What they want to do is create an alternative mechanism that would make it easier for them to talk their way out of sanctions without giving up their most secret programs.

For example, nowadays they often stop the commission's teams outside a sensitive facility, perhaps belonging to the special Republican Guards, and they say: "You can't go in, but someone else can" — a three-nation team from the Security Council, or some experts from member countries, or ambassadors from Baghdad. It's a game that's played more and more, trying to undercut the commission as the instrument for carrying out UN policy. I vigorously opposed this. But this time they've managed to get a new process going. In the past, the chairman of the commission would have led any UN mission to Baghdad like the present one.

Q. So what is the outlook?

A. The three UN representatives will be told in Baghdad that Iraq has destroyed its weapons, but that the commission refuses to believe it. The Iraqis will suggest that they could work better with somebody else. Every effort will be made to shake the commission's role and suggest other interlocutors — who don't know the dossier the way the inspectors do. Inevitably, this will add to confusion about the commission and its role, which the Iraqis will exploit to the future. But I don't think the United States and Britain will relent on the issue of compliance, no matter how many other governments seem reluctant.

Determined diplomacy — more heavy lifting by the Clinton administration — can restore a common front, and then I think Baghdad will back down. What people need to understand is that the sooner the council gets back to 15-0 solidarity, the sooner Iraq will decide to come clean — and the sooner sanctions can be lifted.

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Herald Tribune

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Stop Exaggerating

Six months ago the "tiger" economies of Southeast Asia were widely portrayed as miraculous engines of perpetual growth. Today they are portrayed as feeble. Since in many cases the portrayals are the very same investment analysts, credit raters and other economic experts, it is fair to ask whether their dismal reviews today aren't as overstated as were their raves a few months back.

The economies of Southeast Asia are in varying degrees of trouble. In Thailand, where the bad news started in July, the difficulties may be most serious, with a period of significant retrenchment looming. The resignation of Thailand's prime minister confirms how that country thus far has been unable to grapple with its difficulties.

Singapore, which had followed much sounder economic policies, remains in much better shape. But several of the tigers, particularly Thailand, Malaysia and Indonesia, face linked political and economic challenges that will require real reform. As their economies grew so rapidly, many of their political institutions did not keep pace. The result has been corruption, a lack of transparency, inadequate supervision of banking and insufficient investment in education to train the next generation of workers and engineers.

But none of those shortcomings is new, and none prevented the Southeast Asian economies from progressing from poverty toward middle-class success with historic swiftness. The tiger economies, in other words, did many things right, and continue to do many things right. Their savings rates are

high, their fiscal policies are responsible. They invested heavily in public health and primary education. They opened their economies to trade and foreign direct investment.

Many of the fundamentals were and remain sound. The question now is how quickly these nations can correct their admittedly real shortcomings and return to a path of growth.

All of them, to successfully evolve into higher-tech, higher-income economies, will have to reform their political systems in ways that will dis-comfort entrenched elites. They will have to democratize, regulate more evenly and openly, get serious about public corruption. But if their troubles are falsely exaggerated, the recovery could take far longer than necessary.

Some outside investors and would-be saviors now are calling for draconian treatment: Banks should be shuttered, budgets slashed, interest rates jacked up. Overdoing such remedies could send the region into a prolonged and unnecessary recession. That would have grave human costs in Asia, and it would hurt the U.S. economy, too.

Jeffrey Sachs, a Harvard economist whose credibility is bolstered by the general warnings he issued before last July's crash, now cautions against an overreaction. "Asia's long-term growth prospects are real," he said at an Asian Development Bank conference in Washington last week. "There is work to be done, but no reason why this financial crisis should turn into a prolonged contraction — unless misguided policies were to make it so."

—THE WASHINGTON POST.

Courage on Trade

Bill Clinton accurately portrays Friday's vote in the House of Representatives on "fast-track" as crucial to his ability to maintain America's leadership in world trade. A favorable vote would provide him with the authority to negotiate agreements that Congress can reject but not amend. But irresponsible political forces in both parties stand in his way.

Some House Republicans who favor free trade refuse to hand President Clinton a victory without getting something in return, like an agreement to weaken his plan to develop national tests for students. Hostage-taking would be unworthy if it threatened a policy that means so much to America and the world — not to mention an issue that is wholly consistent with Republican economic principles.

But it is Mr. Clinton's Democratic colleagues, led by the minority leader, Richard Gephardt, who are largely responsible for the president's troubles. Many know that fast-track is the right policy but are terrified of political retribution from organized labor. The same protectionist forces that opposed NAFTA are engaged in the same fear-mongering argument that trade

threatens American jobs. The claim was absurd then and remains absurd today, as is obvious to anyone who notes that the economy is operating near full employment.

The purpose of trade is to put fewer workers in low-paid industries, like textiles, and more workers in high-paid ones like aircraft manufacturing. That, along with low prices that flow from foreign competition, makes almost everyone better off.

The opponents also argue that free trade will encourage developing economies to trample on workers' rights, including the right to bargain for better wages, and weaken their environmental laws in order to give their products a competitive boost. But the bill gives Mr. Clinton authority to negotiate sanctions against countries that lower their standards to attract foreign investors or affect trade.

The choice facing the House on Friday is simple but momentous. It can succumb to needless fears and petty politics. Or, if it can summon up the courage, it can give the president the tools he needs to maintain American leadership in a global economy.

—THE NEW YORK TIMES.

Help Family Planning

The Republican leadership in the U.S. House of Representatives, in an irrational effort to strike a blow against abortions, is continuing to back legislation that can only weaken international family planning efforts. The misguided crusade would deny federal family planning money to any overseas program or organization that performs abortions or lobbies to change abortion laws in foreign countries, even if the organizations pay for those services and activities from other funding sources.

That provision has been incorporated into House versions of the foreign operations appropriations bill and the State Department authorization bill. Both bills are stuck in conference committees where Republican Senate negotiators oppose including the anti-abortion language in the final bills for fear of inviting a presidential veto.

Under current law, on federal money may be used to pay for abortions abroad. The money may be used only to provide contraceptives or educational assistance. But anti-abortion forces in the House want to force overseas programs to stop doing abortions, except to save the life of the mother or in cases of rape or incest, if they want to receive federal family planning support.

That position is self-defeating. The surest way to reduce abortions abroad is to strengthen family planning programs, not weaken them by cutting their funds. Family planning services can

Other Comment

Big Challenges for Kabila

Congo's progress was retarded by a corrupt Mobutu government, a collapse of state functions in various areas — health care, education, basic infrastructure and rampant corruption. The new government has daunting challenges ahead: trying to rehabilitate a nation of 45 million people; establishing democratic institutions; reviving the economy; respect for human rights; playing a stabilizing regional role. President Kabila and his government have not had any prior government experience, so setbacks are inevitable.

—U.S. Ambassador to the United Nations Bill Richardson, quoted in The Washington Post.

The Case for Chinese Rights Has Been Advanced

By William F. Schulz

NEW YORK — Jiang Zemin has come and gone, and Wei Jing-sheng and Wang Dan are still in prison. There are still at least 3,000 other political prisoners in China. People are still being tortured in Tibet. Religious groups are still being persecuted.

So was President Jiang's visit a defeat for human rights? Absolutely not.

Many human rights advocates were unhappy that he was accorded full state honors and toasts, without his having to make even the smallest concessions on human rights. But his visit opened the way for several critical developments that should be immediately exploited.

Bill Clinton was forced to articulate directly the rationale for respecting human rights. It is a measure of how paltry his human rights record toward China has been that his performance at a joint news conference last week was hailed as a courageous show of principle.

But he was just catching up with the

rest of the country. A USA Today poll published on the morning of Mr. Jiang's White House visit showed that 59 percent of Americans favor greater support for Chinese human rights, even if it has some disruptive effect on relations between the two countries. Mr. Clinton has been far slower than the public to champion human rights, but he may be starting to get the message.

Even if Mr. Jiang parried Mr. Clinton's criticisms, he was exposed to demonstrations that were difficult to ignore. In Washington, Boston and Los Angeles, Mr. Jiang acknowledged hearing the demonstrators. And some believed that he was referring to American-style democracy when he quoted a Chinese proverb saying in effect that seeing something once is better than reading about it 100 times.

During his visit to Harvard, he admitted that the Chinese leadership had made "mistakes." That admission may not help free even one prisoner, but it showed that he was very aware of Americans' concern with human rights.

If his visit accomplished nothing else, it put to rest the old saw that standing up for human rights is likely to "isolate" China rather than to "engage" it.

That argument is not used on other issues. No one was afraid of isolating China when the United States objected to Beijing's infringement of intellectual property rights. No one was afraid of isolating China when Mr. Clinton laid down the ground rules for China's export of nuclear technology.

But when it has come to human rights, even the slightest objection has been seen as a violation of "constructive engagement." Since the frank talk about freedom and democracy did not derail the summit meeting last week, it

will now be impossible to pose the

options so starkly. Washington should seize its opportunities right away. China's entrance into the World Trade Organization, the timing of Mr. Clinton's visit to Beijing, the annual UN Human Rights Commission resolution on Chinese violations, the assistance that America will be giving China in developing its legal system — all provide leverage to keep human rights on the table.

No responsible observer believes that human rights should be the only consideration in American relations with China. But, much as the Chinese may find the subject inconvenient, it has to be a critical part of the equation. After last week, China's leaders cannot help but understand why.

The writer, executive director of Amnesty International USA, contributed this comment to The New York Times.

One World: The Trend Is Toward Working Together

By Stephen Schleisinger

NEW YORK — The idea of a world of laws has seemed a laughable proposition. Nationalism, ethnic rivalry, racial bias, religious belief, geographical imperatives, historical memories all have proved far more stubborn in their hold on people than the attraction of joining a juridical global community.

But since the collapse of the Cold War there has been a relentless march, led primarily by the United States, toward a planetary system of standards, and we have started to become a legal world society without admitting it.

There still are ethnic and civil conflicts all over the world that defeat any sense of commonality — Rwanda, Somalia, Bosnia, Kashmir, Tibet. There are raging religious wars that tear asunder societal consensus, as in the Middle East, Ireland, Algeria and India. There are territorial grudges that propel states to act in ways that read apart global unity, such as Iraq's invasion of Kuwait.

Messianic political leaders in Libya and North Korea are driven by personal demons. Even in the United States, there are right-wing militias that abhor any "foreign" authority and detonate bombs to express their outrage.

Nonetheless, the trend is toward working together in a lawful fashion

around the world. The United Nations has become a quasi-governmental body that member states used to reach agreement on a variety of measures.

Out of practical as well as moral considerations, Washington has worked in the United Nations to help craft more than 300 international treaties covering such matters as economic sanctions, airline routes, nuclear energy inspections, human rights, pollution controls, oceanic rights, space laws, customs procedures and press freedoms, all vital to a well-functioning universal society.

By the end of the century, we will have the first permanent international criminal court to prosecute the most serious violations of humanitarian law. The trend seems ineluctable.

And this is not happening by supernatural fiat but by local decision. UN member states first codify international standards via planet-wide conferences (most recently with respect to nuclear arms testing), and then seek ratification of the covering accords by individual participating nations. This process often takes time, and compliance is not always assured, but at least in this

way the conventions are taken on voluntarily by each country.

And countries that may not have participated in such agreements at the outset often will join later.

This is not to say that treaties, however well-intentioned, are always good simply because they exist. They have to be respected and enforced. And this does not always happen.

During the early part of this century, the nations of the world signed a number of global pacts that made countries feel protected and secure, and all eventually fell apart. There were the League of Nations, the Kellogg-Briand Act, which outlawed war in 1928, and the Washington Conference of 1922 and the London Naval Treaty of 1930, both restricting naval arms races.

But today the compulsions for global integration are far more potent. The imperatives behind worldwide trade, driven by more nations switching to market economies, are tightening the bonds among nations.

Currency transactions now ripple through entire regions. A sour economy in the United States causes heartache around the globe. Nongovernmental organizations have plunged roots into every community. The communications

revolution, evidenced by the Internet, faxes, videotapes, television, movies, books and magazines, draws countries more closely into a single village.

Not everybody, it must be said, shares in this bounty; more than half of the world's population is a two-day walk from a telephone, literally disconnected from the global economy, as President Bill Clinton has pointed out.

And the signs of U.S. disinterest in the global legal process are growing ominously. For some years, Congress has refused to pay America's back dues to the United Nations. The administration just dropped out of the global pact against land mines, and it is now hedging on the global warming treaty that will be considered next month in Kyoto, Japan. The planet-wide trek toward law will not advance and may indeed retreat without firm U.S. backing.

Still, in ways that nobody would have predicted a few decades ago, we are starting to resemble an orderly one-world society. This, I suspect, will create new ways of governing nations collectively.

The writer, director of the World Policy Institute at the New School for Social Research, contributed this comment to the Los Angeles Times.

Give the United Nations a Fire Brigade to Stop Conflicts

By Jack Lang

PARIS — After the Cold War the tasks of the United Nations exploded in numbers. From being a forum of sterile debates it has become the focus of worldwide cooperation and consensus-building.

The realization is spreading that the world is one interdependent macro-organism, in which no country or region can turn in on itself, as the disastrous economic situation of North Korea demonstrates.

But ethnic conflict and civil war are still torturing parts of this gigantic body politic that is our planet. They break out time and again in poor, unsettled and underdeveloped corners, most recently in Congo.

Swift and competent action could often put out brushfires before they become uncontrollable firestorms ravaging huge areas and burning to the ground all hopes of long-term ethnic peace and reconciliation.

Yet in such situations, as in Congo this year, the United Nations is overburdened and slow to react. Underfunded due to the refusal of its richest member to pay its contributions, hampered in its decision-making in the Security Council, where every permanent member judges in terms of narrow national interest, the United Nations is ill-equipped to deal with this momentous task of spreading stability and the culture of non-violence throughout the world.

Reforms are clearly needed. Given the unwillingness of the Security Council's permanent five (and most other states) to give up even just slivers of their sovereignty in security-related affairs, it is hardly realistic to look for reform on the constitutional level.

A pragmatic approach that would remove practical obstacles to swift UN action is more promising.

In looking for such an approach, Secretary-General Kofi Annan could do worse than look at his predecessor's "Agenda for Peace," in which a small UN fire brigade — in other words, a standing army — was proposed.

What is needed to intervene swiftly and effectively is a small army of professionals trained to be peacekeepers, policemen, social workers, anti-terrorist squads, soldiers who can administer disaster relief to crowds of refugees and cooperate with aid organizations as well as clear mine fields and protect food convoys.

These are very particular and varied skills, quite different from those demanded of NATO forces during the Cold War, or of coalition forces during the

Gulf War. Given defense cuts and the multitude of other tasks, we cannot expect all the armies even of all the major countries (let alone the smaller ones) to develop specializations along the whole scale of skills from high-intensity combat to peace-enforcement, peacekeeping and peace-building.

It would make sense to leave a great proportion of the latter tasks to specialized forces of the United Nations.

And this not only for economic reasons. Interventions by UN peacekeepers, obviously of different national and ethnic backgrounds, would have more visible legitimacy than interventions by a group of states that have only too recently left their mark on the world as colonial powers, and could thus all too easily be accused of neo-colonialism.

The existence of such a UN standing force would make it

possible, once the Security Council had decided to authorize action, to act swiftly, and not to risk further delays during which various states would work out whether they had forces available with the specific expertise required, whether these could be spared from other duties, and whether it was truly in their narrow national interest to supply them.

The idea of such a United Nations standing force provokes phobias of world dictatorship in some souls. But there is no conceivable logic in opposing a small UN standing force, which through its readiness and its ability to deploy rapidly, under the firm control of the UN Security Council, could save many lives.

The writer is chairman of the French National Assembly's Foreign Affairs Committee. He contributed this comment to the International Herald Tribune.

Ways to Rehabilitate the UN for Present-Day Lodgers

By Max Jakobson

HELSINKI — The state of the United Nations brings to mind the sad fate of those fine old town houses designed for gracious living, which have been divided and redivided into shabby little apartments occupied by large families with badly behaved children and strange cooking habits.

The more prosperous tenants have moved elsewhere, and the owners refuse to pay for the necessary repairs, leaving the poor janitor to take the blame for the failures of an antiquated plumbing system.

The rational thing to do would be to tear the house down and build a new one better suited to present-day conditions. But nothing is done, and the place is left to decay.

If the United Nations did not exist, would we have to invent it? Yes. The world needs it for essential tasks that only a global organization can perform.

But we should not expect too much. The action that has to be taken to solve global problems is for the most part regional, national or local. Governments cooperate with each other within concentric circles of neighbors, allies, trading partners and ideological kin, and the United Nations is bound to be in the outer circle.

The essential tasks that only it can perform on behalf of its member states can be grouped under three general headings.

It is a permanent diplomatic market for the exchange of information and views; a meeting place for representatives of all governments; a forum for debate, a safety valve, a walling wall, a platform from which victims of aggression and injustice can appeal to world opinion.

It is the instrument by which governments seek to reach a consensus on guidelines for common action on global issues. Through it, governments can define norms of civilized relations between states, develop public international law and promote observance of universal principles of human rights.

It provides the member states with important services for maintaining international peace and security as well for other common purposes such as humanitarian assistance for refugees and victims of natural or man-made disasters.

The changes in the international system in 50 years, it is only natural that the United Nations is in part antiquated and in need of modernization. Administrative reform has been initiated by Secretary-General Kofi Annan, and this is necessary.

Yet any revision of the UN Charter is bound to be a cumbersome process.

The charter was adopted at a moment in history when solidarity within the alliance that had won World War II was at its height. Only two or three years later it would have been hard to agree on such a text.

Any amendment must be approved by all five permanent members of the Security Council, as well as by two-thirds of all member states.

Reform of the Security Council is a case in point. It is generally agreed that the composition of the council should be

brought up to date. Japan and Germany ought to be permanent members. But the Third World demands that some of its members, like India or Brazil, also be admitted. A long process of negotiation will be needed.

In the meantime, the United Nations should adapt its procedures to meet changing demands without formally rewriting the charter. This has been done before. Peacekeeping, an activity not mentioned in the charter, is an example.

The General Assembly should make an effort to restore its authority. Year after year the same items reappear on its agenda like ducks in a shooting gallery. More than 300 resolutions are adopted during each session, most composed in a jargon almost incomprehensible to the public. The world has learned to pay no attention.

The General Assembly as constituted is a misguided transplant of a democratic parliamentary organ onto an intergovernmental organization of sovereign states. The lack of power encourages irresponsible use of language.

The sensible thing would be to concentrate the agenda on a manageable number of important questions. But this would require unusual self-discipline among the delegates.

More important, the member states could achieve a qualitative improvement in UN functioning without spending more money or revising the charter, simply by showing greater respect for Article 100 of the charter, which forbids improper dealings between Secretariat members and national governments.

The original intention was to make the Secretariat an independent international service representing the common interest of the membership as a whole. As Dag Hammarskjöld once put it, the secretary-general should be "a detached element" in international life, able to take his own initiatives in light of his interpretation of the common interest.

For a brief moment in history, Mr. Hammarskjöld did succeed in making his office an autonomous influence in world politics. His was a heroic effort doomed to failure. The major

powers were prepared to support him only so long as both sides of the Cold War could benefit from what he did.

Yet the myth created by Mr. Hammarskjöld's virtuoso performance lives on, feeding on the yearning for an impartial authority standing above the narrow rivalries between national governments and able to resolve conflicts in a spirit of rationality and fairness.

The writer, a former Finnish UN ambassador, contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Not Diplomatic

PARIS — [The Herald says in an Editorial:] It is to be regretted that Mr. Hannis Taylor, former U.S. Minister representative in Madrid, should have found the opportunity to stir up bad feelings in Spain against the United States. All the leading newspapers are condemning him for his deplorable lack of tact. The Herald has discredited his statements. No one in the United States endeavors to excuse him for his disclosures about diplomatic negotiations, the secret of which should belong only to the State he represented.

1947: Paris Strike

PARIS — Employees of the Paris water supply system went on a slow-down strike yesterday [Nov. 6] in sympathy with the municipal sanitation workers who refused to collect garbage or sweep the streets for the third consecutive day. Public health authorities urged housekeepers to burn their garbage and not dump new refuse into the overflowing pails that line the city's street curbs. This slow-down strike may have serious consequences in case of fires, because hydrants and hoses cannot function properly under the reduced pressure.

1922: Fascist Problem

ROME — Signor Mussolini, the Fascist Premier, apparently intends to range himself on the side of the police and the constituted forces of order against his own followers, in the event that they continue their attacks

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OPINION/LETTERS

Fed Up With Saddam?
Then Call His Bluff

By Thomas L. Friedman

WASHINGTON — When you think about how the United States should respond to Saddam Hussein's latest attempt to evade United Nations sanctions, keep this in mind: Cruise missiles are the only way to deal with him.

Saddam is up to something serious this time. He has apparently concluded — from U.S. efforts to tighten the sanctions around him, from recent denunciations of him by Madeleine Albright, and from the fact that the new chief of the UN weapons inspection team in Iraq is turning out to be just as tough as his predecessor — that the UN sanctions on Iraq are not going to be lifted, whether Saddam is a good boy or a bad boy.

Whatever he does, the United States intends to find a way to keep the UN sanctions nose around his neck until one of his generals or one of his relatives terminates him with extreme prejudice.

Therefore Saddam is no doubt asking himself: "If my choices are sanctions with constant UN weapons inspections or sanctions without the UN weapons inspections, let's have sanctions without them. Let's precipitate a crisis that will either undermine the UN inspections regime or force the U.S. into retreating against me, so I can kick the UN inspectors out altogether. At least then I'll be able to hold onto the poison gas, Scuds and anthrax weapons that I've been hiding all over the country and that the UN is now closing in on."

But that is not the only reason Saddam precipitated a crisis now by blocking any further UN weapons inspections in Iraq unless the U.S. members of the inspection team are removed. He also smells where the wind is blowing in the Middle East — in America's face.

Powerful magnetic forces are pulling Iraq out of its isolation. Syria would like to get closer to Iraq in order to counter pressure on Damascus from Turkey and Israel. Egypt would like to see Iraq back in the Arab fold to counter Iran and put more leverage on Israel. The European oil companies, sensing that the U.S. sanctions on Iran are collapsing, want to use this moment to end the blockade of Iraq.

Moreover, precipitating a confrontation between Iraq and the United States, just before the Middle East economic conference

in Doha, Qatar, on Nov. 16 and the Islamic conference in Tehran on Dec. 9, is like a two-for-one sale for Saddam.

America's Arab allies are already wary about going to the Doha meeting with Israel, and a fracas between the United States and Iraq in the Gulf right now would make the Arabs even more wary. At the same time, any U.S. military action in the Gulf would embarrass the new Iranian government in Tehran, which has been probing, ever so delicately, for an improvement in relations with the United States.

When you add it all up, you can only conclude that Saddam Hussein has powerful reasons to try to push those UN inspectors out.

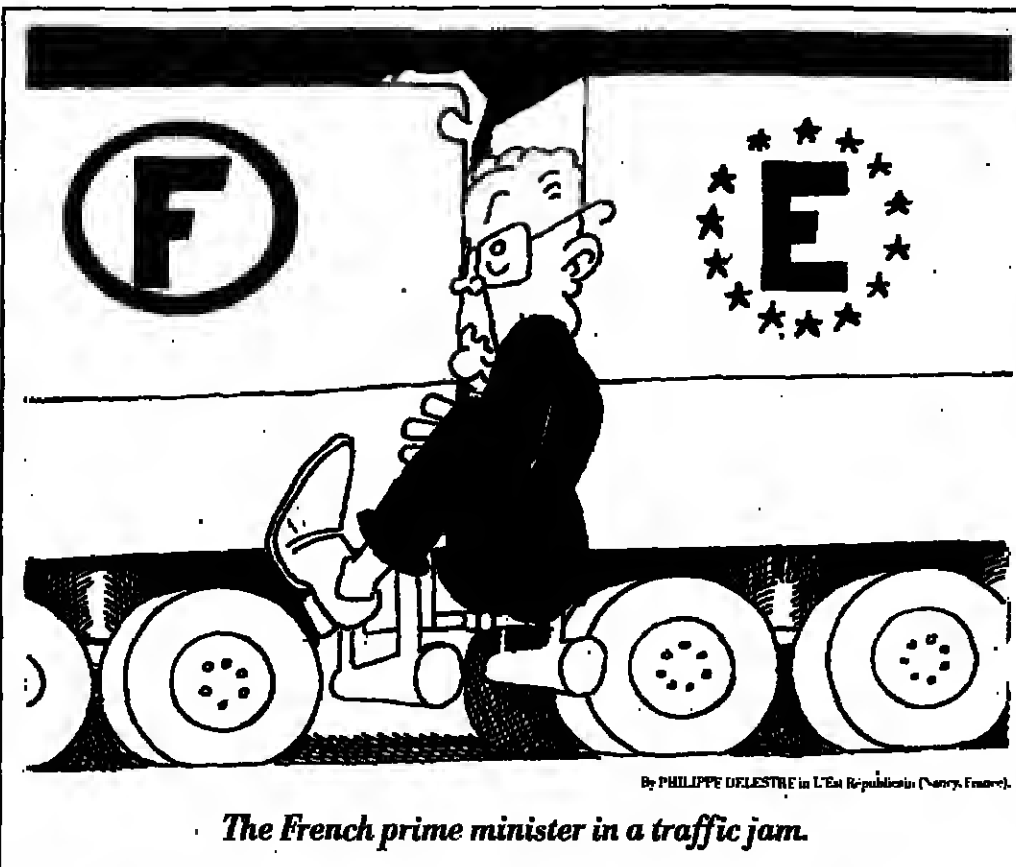
Therefore, one of three things is going to happen, and I hope it is the third. The first is that Saddam will now back down, satisfied that he has drawn the attention of the Arab world and the Europeans — and maybe even won their sympathy — to the fact that the United States intends to keep the sanctions on him whether he misbehaves or not.

The second possibility is that the United States will back down and remove its inspectors from the UN team, as Saddam is demanding. This would allow the UN inspections to continue, but only until the Iraqi leader precipitates another crisis.

The third option is that Washington will call his bluff. But if the United States does take military action against Iraq again, it cannot be just to obliterate those sites where he is still hiding weapons — although that is important. The United States has to try to destroy him, too. Because the worst of all worlds would be destruction of his weapons but he survives and throws out the UN inspectors. He would then be able to rearm without anyone watching inside Iraq. And he will try to rearm.

Given the nature of world politics today, and given America's feckless allies, the United States will get only one good military shot at Saddam before everyone at the United Nations starts nutting and rushing to his defense. So if and when Saddam pushes beyond the brink, and the United States gets that one good shot, make sure it's a head shot.

The New York Times.



The French prime minister in a traffic jam.

By PHILIPPE DELESTRE in L'Est Républicain (Nancy, France).

LETTERS TO THE EDITOR

Don't Partition Bosnia

Regarding "Since Dayton Is Doomed, Get On With the Partition of Bosnia" (Opinion, Oct. 8) by John J. Mearsheimer:

Mr. Mearsheimer suggests that the Clinton administration move to "organize the peaceful partition" of Bosnia to avoid a "disaster" after U.S. forces leave. He believes the goal of the Dayton agreement, a united Bosnia, is not feasible.

The "Dayton is dead" argument is a favorite of nationalists on all sides of the conflict. They all support the partition of Bosnia-Herzegovina. Mr. Mearsheimer plays their game.

He advises us to look at the "facts on the ground." But he overlooks many of the positive changes that Dayton has brought.

The latest municipal elections demonstrate that the nationalist parties do not dominate the political scene as they did in the previous elections. An agreement on the Mostar binational police force has been achieved. It is true that Biljana Plavsic is a nationalist, but Radovan Karadzic has been forced to give up power. Refugees — admittedly a small

group — are returning to their homes. Some war criminals have been handed over to The Hague tribunal. A partition of Bosnia would wipe out all these small victories.

HEINZ GARTNER and
HENRIETTE RIEGLER
Vienna.

Prince's Views

Regarding "What the Prince Said" (Letter to the Editor, Nov. 5):

Crown Prince Hassan's press secretary refers in his comments to a quotation I used in my article "Political Assassinations: What Do They Change?" (Opinion, Oct. 29). I quoted verbatim from a dispatch in The Washington Post (IHT, Oct. 13).

I greatly appreciate Ayman Safadi's clarifying Prince Hassan's views on the subject.

I also note that the prince and I share feelings of incomprehension at the Israeli government's authorization to act against the Hamas leader Khaled Meshal in Jordan. I stated my view in this regard clearly in my article.

GIDEON RAFAEL
Jerusalem.

American Spirituality

Regarding "Don't Let Conservatives Appropriately Spirituality" (Meanwhile, Oct. 29) by William Raspberry:

If conservatives are "appropriating spirituality," it is only because liberals have abandoned America's spiritual heritage. Not only have they rejected basic values found in virtually all religious traditions but they have actively opposed and ridiculed them. (Just try standing up for some of these values in a typical college philosophy class.)

Liberals have been promoting a "new spirituality" that is without truth because it denies the existence of absolute truths. They can give no guidance on personal moral choices because, according to them, people make up their own rules. Morality is in the eye of the beholder, says the liberal.

It is no wonder that Americans reject such nonsense and prefer a spirituality that has roots in ancient wisdom and has been tested over the centuries.

SCOTT PETERSEN
Massy, France.

Despite Life's Outrages,
We Struggle Through

By Flora Lewis

MIAMI — Three generations of my family gathered here last weekend from five cities in four different countries to celebrate a milestone birthday of my oldest daughter, who lives in Miami. She is one of those baby boomers who once liked the taunt that you can't trust anybody over 30, and now she is 50.

It startles us all. And yet, her ideas and attitudes haven't

she was a young woman whose world collapsed on her, but thanks to the thoughtfulness of others, she has made a good life of it.

One evening during the reunion we were talking about the news. President Jiang Zemin of China was touring America, and the extraordinary way the Chinese world has changed since the Cultural Revolution was mentioned. The youngest, about to be 11, asked what that was. It was hard to explain the immensity and the horror, but even harder to fathom the mystery of how a nation of 1.2 billion people could be locked up in such delusory self-destruction.

Individually, people can be heartbreakingly good and they can be terrifyingly bad. But is it possible that whole societies can be taken over by monsters who induce ordinary people to suspend what I am convinced is a natural sense of decency and to voluntarily, even eagerly, commit the worst humiliations and atrocities?

This isn't even the scourge of war with a defined alien enemy. People turn on their neighbors and at times their own families. This isn't a matter of history or primitive mentality. It happened in the past, it also happened yesterday in Bosnia and is happening today in Algeria.

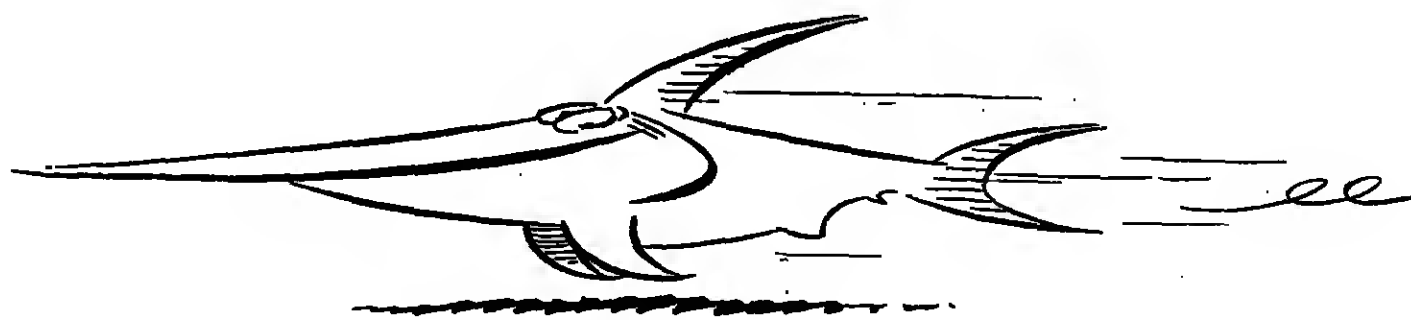
Nor does the slogan about bigotry from the post-World War II musical "South Pacific" really answer the question. It went: "You've got to be taught, before it's too late, before you are six, or seven or eight, to hate all the people your relatives hate, you've got to be carefully taught."

There is a kind of mass paranoia that can come without that much hating, even without that much teaching. If anything it may come from too much believing, from a conviction that one has a monopoly on truth; from "knowing" what is good and how to rid the world of evil.

Every generation seems to face the menace somewhere, and some have to face the consequences. We think we have learned, but it won't stay put behind us.

There is good, and there could be more. There is bad, and it could be more restrained. It is always a struggle. So long as life goes on, and thank heaven it does, the struggle is well worth the effort. That unites the generations.

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INTERNATIONAL

Mexican Drug Traffic Now Roaring Into the U.S. Heartland

By Roberto Suro
Washington Post Service

WASHINGTON — To his neighbors in a middle-class, predominantly Hispanic, section of Houston, Chano Rojas seemed a quiet family man who lived in a small house with his wife and stepdaughter.

The 53-year-old Mr. Rojas set off most days for the old dockside neighborhood of Magnolia, which has welcomed Mexican immigrants as a point of first arrival for nearly a century. There, he was known as a one-man employment agency. He would pay men cash to work a few hours unloading trucks or simply to stand on a nearby street corner and watch for anybody who was not a neighborhood regular.

The best jobs went to men who would drive a car to Chicago, Washington or another city. Mr. Rojas would tell them to take their families, obey the speed limit and drop the car at a specified address. Sometimes he had as many as a dozen people working for him.

Mr. Rojas is now serving a 30-year federal prison sentence for drug trafficking. Investigators found nearly 120 pounds (55 kilograms) of cocaine — more than \$1 million worth at wholesale prices — in his warehouse and more than \$1 million in cash stuffed into a closet at home.

"You would have never figured Chano Rojas as a major league coke dealer because everything he did blended into the community around him," said a Houston police detective who

helped close the case. "It's that ability to fade into the woodwork of a big Latino neighborhood that makes Mexican dealers so elusive and so dangerous."

The burgeoning drug traffic from Mexico has generated corruption, violence and a kind of low-intensity war along the border between Mexico and the United States. But mounting evidence from many sources — the Rojas case, a courtroom in Des Moines, wiretaps in Los Angeles, drug seizures in New Jersey — confirms that the problems have spread deep into the U.S. heartland.

Mexican traffickers have established distribution networks capable of delivering marijuana, cocaine, heroin and methamphetamine to local retailers in most parts of the country.

Along the way, the traffickers are

beginning to have a potentially profound effect on Mexican-American communities in cities around the United States. Mexican drug syndicates exploit the fact that their country is by far the largest source of new immigrants to the United States. They hide in the neighborhoods that other Mexicans have established in every major city and they recruit financially strapped newcomers as drivers, couriers and lookouts — the cannon fodder of their operations.

"Often we are dealing with people who know how to operate here because they have spent time in the United States," said a senior Drug Enforcement Administration official based in Texas. "They know how to gain access to businesses, services, vehicles, and they have access to a virtually unlimited supply of

foot soldiers. All that has helped the Mexicans gain dominance very quickly, and it also makes them much more dangerous in the long run."

Although the number of individuals with any connection to the drug trade is only a tiny fraction of the nearly 7 million people born in Mexico but now living in the United States, the growing prominence of the drug operations threatens to taint the whole of the Mexican immigrant experience, just as the Mafia cast a stigma that Italian immigrants struggled against for generations. Mexican immigrants and their children born in the United States constitute the only large segment of the U.S. population that is growing rapidly.

"The American people could turn on Mexico very quickly and make it the scapegoat for their drug consumption problems, the same way they heaped blame in the past on the Colombian cartels or the Mafia," said Rodolfo de la Garza, a professor of government at the University of Texas in Austin.

Currently, most Americans distinguish between the mainly poor Mexican immigrants they see living on the U.S. side of the border and the rich Mexican drug traffickers they perceive as living and operating in Mexico, said Mr. de la Garza, who has conducted extensive opinion research on attitudes toward Latinos and in Latino communities.

"The distinction between good Mexican workers and bad Mexican drug kingpins could break down, however, and produce a much more widespread demonization of Mexicans in this country," he said. "And if the Americans turn on Mexico, it is the Mexican-Americans who will get caught in the middle."

Thomas Goldsberry, a teacher and community activist in a predominantly Latino neighborhood in Houston, put it this way: "I see parents who are scared to death at what is happening to their kids but they are scared to death to admit it."

Mr. Goldsberry said he had watched local teenage gangs go from mischief to felonies largely as a result of their involvement with drug trafficking.

"Drugs are the easiest form of income for a teenage boy who doesn't have any skills and who doesn't speak much English," said Mr. Goldsberry, who lives and works in an area of southwest Houston crowded with large immigrant families and identified by the police as a prime recruiting ground for Mexican traffickers seeking drivers and lookouts. It is increasingly an area where drugs are sold and consumed.

"The parents are the weakest link in the whole chain because they are usually working two jobs and they simply don't find out what their kids are doing until it is too late," Mr. Goldsberry said. "You are talking about newcomers who do not feel like they belong here yet and who are still struggling to survive. All that makes them and their children very, very vulnerable."

The impact of the rise of the Mexican drug traffickers reaches far beyond border cities like San Diego or El Paso, and beyond other cities with traditionally large Mexican-American communities like Houston or Chicago. It reaches deep into the heartland, touching unlikely places — like Judge Carol Egly's courtroom in Des Moines.

In the summer and fall of 1995, young Mexicans began appearing before Ms. Egly as defendants. They had no credible identity papers and rarely spoke any English. They seemed poor but were carrying thousands of dollars worth of drugs, usually methamphetamine, a highly addictive stimulant.

"We didn't know who they were, where they had come from or what they were doing," Ms. Egly said recently.

About that time, she also started seeing young Iowans who arrived in a

Body of Doctor Linked to Kingpin Found in Mexico

By Mary Beth Sheridan
Los Angeles Times Service

MEXICO CITY — One of the doctors believed to have operated on the Mexican drug lord Amado Carrillo Fuentes just hours before his reported death has been found stuffed into a concrete-filled barrel, the authorities said.

The authorities said Wednesday that the remains of Jaime Godoy were discovered with two other bodies Monday inside oil drums along the Mexico City-Acapulco highway. In a sign of a mob hit, their fingernails had been yanked out and their bodies were burned and blindfolded. Two had been strangled and one had been shot.

The identification of Dr. Godoy's body solved one of the many mysteries surrounding the bizarre reports of the death of Mexico's No. 1 drug trafficker last July, allegedly following plastic surgery.

The three doctors believed to have performed the operation had all disappeared. News reports speculated the other two tortured bodies might also belong to the medical team supposed to have operated on Mr. Carrillo, but there was no confirmation.

The authorities were unable to point a finger Wednesday at who might have killed the doctor and his companions. Mexico's former anti-drug czar, Francisco Molina, said allies of the drug lord may have been responsible.

"In these things, they don't risk leaving any witness alive," he said.

But vengeance also could have been a motive. Mr. Carrillo reportedly died shortly after his surgery when someone gave him an inappropriate dose of Dormicum, a sleeping medication. The authorities have never established who administered the drug, or whether the death was intentional.

Mr. Carrillo, 41, known as "Lord of the Skies" because of his habit of transporting cocaine in jets, was blamed for sending tons of Colombian cocaine into the United States. He apparently sought plastic surgery to change his appearance and more easily evade the authorities.

"They were literally climbing the walls," she said. "Several times a day we'd have people too incoherent to be assigned, too noisy and lunatic to handle in a courtroom." Some had committed bizarre crimes, like the young man who pistol-whipped his grandparents or the woman who went on a check-forging spree in her sister's name.

After several had been referred for psychiatric treatment, jail officials discovered these suspects were methamphetamine users.

It took Ms. Egly a while to realize that she was seeing two small pieces of a much bigger puzzle — the rapid expansion of the Mexican traffickers' reach. These organizations had grown large enough and extensive enough to become the primary impetus for an epidemic of methamphetamine use that was sweeping the Midwest.

"All of a sudden we are looking at a very large and efficient drug-dealing operation that seems to have popped up out of nowhere and that has made a real change in the life of this community," she said.

"How did that happen? I think we should know."

A few recent law-enforcement operations illustrate this widening impact: Seven tons of cocaine were seized and 35 people arrested in an investigation last summer that uncovered Mexican traffickers operating in New York City, which has long been considered a stronghold of the Colombian cartels. The cocaine arrived from the border area in tractor-trailers with false compartments or hidden in hollowed-out stacks of plywood, and much of the operation was run from headquarters in Los Angeles.

Another Mexican drug organization discovered this year operated with distribution cells in New York, Philadelphia, Chicago and the border region.

The police seized nearly two tons of cocaine hidden in a 30-ton shipment of carrots that was on its way from McAllen, Texas, to wholesalers on the East Coast.

More than 50 individuals have been prosecuted for running a network that linked drug suppliers in Mexico and distributors in rural areas and small towns in eastern Kentucky.

Two families dominated the network, which federal officials allege is responsible for importing more than 11 tons of marijuana since 1992.

Washington's Entreaties Fail to Move Arabs to Join Israelis for Business Talks

By John Lancaster
Washington Post Service

CAIRO — Despite vigorous lobbying by the Clinton administration, most Arab nations remain suddenly opposed to an Arab-Israeli business conference planned for this month, saying they will boycott the meeting without clear signs of progress in Palestinian-Israeli peace talks.

Only two Arab states — Yemen and Jordan — have publicly committed to sending delegates to the conference, scheduled for Nov. 16-18 in the Gulf capital of Doha, Qatar. The United States is sponsoring the annual Middle East economic conference, the fourth such gathering since 1994, in an effort to promote normal relations between Israel and its Arab neighbors.

To Washington's dismay, if not to its surprise, the meeting this year has be-

come a lightning rod for widespread anger among Arabs over what they regard as the failure of the rightist prime minister of Israel, Benjamin Netanyahu, to abide by the terms of its peace accords with the Palestinians.

Among the critics are some of America's closest Arab allies, including Saudi Arabia, which has already announced that it will not attend, and Egypt, which has conditioned its appearance on the outcome of Palestinian-Israeli talks under way in Washington. President Hosni Mubarak of Egypt recently told reporters that he "cannot see any meaning" to holding the conference in the current climate of hostility.

"The peace process comes before any kind of economic cooperation," Ahmed Benhelli, assistant secretary of the Arab League for Arab affairs, said in an interview this week. "Arab nations believe that the entrance of Israel into the economic arena must occur after peace has been achieved. You can't have economic cooperation with Israel when you have a political crisis."

Even in the absence of a breakthrough in the Washington talks, Egypt and other moderate Arab states may ultimately decide to attend the meeting in order to avoid straining ties with the United States. In that case, diplomats say, they are likely to find other ways to signal their displeasure, such as dispatching relatively low-ranking delegations and spurning contacts with the Israeli delegation led by Foreign Minister David Levy.

"Either we won't go, or we'll go and not do anything," a ranking Egyptian economic official said. "We're good at that."

Eager to maintain the faint pulse of Middle East peace efforts, U.S. officials have crisscrossed the region in recent weeks to promote the conference on economic, rather than political, grounds. The Doha conference is "not a favor to anybody," said Martin Indyk, the U.S. assistant secretary of state for Near East affairs, during a stop in Kuwait this week. "Its purpose is to advance the economic development of the region."

But most Arab governments have declared their opposition to any form of "normalization" with the Jewish state in the absence of a comprehensive peace settlement satisfactory to the Palestinians.

Among pro-Western Arab states, the United Arab Emirates and Morocco have joined Saudi Arabia in announcing their intention to skip the meeting.

THAILAND: Political Free-for-All

Continued from Page 1

that its revered constitutional monarch, King Bhumibol Adulyadej, underwent tests Thursday for an irregular heartbeat. The tests followed an unusual statement Wednesday by one of his doctors, Pradit Charonitawee, who said: "His health is not very good at the moment. This is due to his concerns over the crisis the country is undergoing and the hardship his people have been facing."

Though the king does not exercise political power, he is often described as the glue that has held the country together as weak and fractious governments have fallen over the years and the military has staged more than a dozen coups.

One of the alliances that stepped forward Thursday, led by Mr. Chaovali's antagonistic coalition partner, Chai Choonhavan, would preserve power for the major players in the unpopular 11-month government.

The other is headed by an opposition leader, Chuan Leekpai, whose party is more popular among Thailand's business community and financial markets. But it would rely on the support of political figures with reputations for corruption.

The political wrangling comes amid continuing bad economic news, including plans by the two leading car manufacturers, Toyota and Isuzu, to halt local production until the end of the year.

During the past decade, Thailand has become the top producer of automobiles in Southeast Asia. A shutdown of the plants adds to a growing trend of layoffs that some economists say could affect 2 million jobs or more in the coming year.

Mr. Chaovali's government has been widely condemned for failing to take control of the slumping economy it inherited. In July it was forced to devalue the currency, which has since lost 40 percent of its value. The stock market has plunged, and some economists now predict a recession in what was recently one of the world's fastest-growing economies.



A trucker rubbing his eyes at a campfire Thursday near Belgium.

STRIKE: Trucker Talks Yield Progress

Continued from Page 1

The strikers are demanding higher pay and a 200-hour limit on the hours they have to work each month, including waiting, loading and unloading time.

The fact that all sides have agreed to keep the talks going was taken as a sign of optimism. But if negotiators were to reach a draft agreement in the latest round of talks, it would then have to go to the strikers for a vote, making it unlikely that barriers would be lifted before the weekend.

The talks in Paris also involved a third union, the Communist-led General Labor Confederation, or CGT, which wants any agreement to be extended to other categories of workers. It said its

members had "massively rejected" the first draft of the agreement.

The Democratic Labor Federation was the only union to have reached an agreement last weekend with the smaller of two organizations representing the trucking companies. Since then, Mr. Jospin has said he would try to impose an agreement on the entire industry, even if it is not endorsed by all the parties.

The employers were divided, with small and medium-sized companies more anxious to settle, and large trucking firms taking a more intransigent line.

Despite the disruptions, the economy minister, Dominique Strauss-Kahn, repeated his assertion that the strike was not having a noticeable impact on the economy.



FIGHTING TRIM — A crew member jogging past fighter planes on the flight deck of the George Washington on Thursday, as the U.S. aircraft carrier made a weeklong port call in Haifa, Israel.

NEEDLES: U.S. Panel Says Acupuncture Can Be Effective Treatment for Some Ailments

Continued from Page 1

land Acupuncture Society. "I think it will open a lot of doors."

Critics bristled at the report, however. "What the proponents present as evidence is in fact delusion, and if the reviewing body is incapable of separating the two then shame on them," said Victor Herbert, a professor of medicine at Mount Sinai School of Medicine in New York and a long-standing critic of alternative medicine. Mr. Herbert traveled to China several years ago to investigate what he calls "quackacupuncture" and concluded that it was largely a matter of hypnotic suggestion.

Acupuncture has been used in China for at least 2,000 years, but was not

introduced to the West until 1971. Practitioners insert needles that are as fine as a human hair into specific points on the body, then twist them and leave them there for 20 to 30 minutes.

The art is essentially empirical, meaning it is the result of centuries of seeing what worked. Traditional practitioners believe that illness results from imbalances of bodily energy, called Qi (pronounced "chee"), which can be corrected by using needles to open hidden channels, or meridians, in the body.

Acupuncture has grown in popularity in the United States in recent years. In 1993, the Food and Drug Administration determined that more than 1 million Americans were spending a total of about \$500 million a year on the practice. Others

estimate that up to 15 million Americans have tried acupuncture at least once. Treatments typically cost about \$100.

Despite lingering questions about its efficacy, acupuncture has gradually entered the medical mainstream in the United States. Many states have accredited licensing programs and some insurance companies already pay for treatments. Moreover, more than 3,000 medical doctors now use acupuncture in their practices, and up to 1,000 U.S. drug addiction treatment facilities offer acupuncture as part of their programs.

Disturbed by the gap between acupuncture's popularity and proof that it works, the institute's Office of Alternative Medicine organized the panel of experts in medicine, anthropology, bio-

statistics, epidemiology and other scientific and cultural disciplines. The panel concluded that most research on acupuncture was of poor quality and that no one knew how it might work.

But it found well-conducted studies indicating that acupuncture could cut by 50 percent the number and severity of episodes of nausea in surgical patients recovering from general anesthesia, and similar results for patients getting cancer drugs or suffering from the "morning sickness" of pregnancy.

In the dental study, those who received acupuncture before the removal of impacted molars had an average of 17 minutes of post-surgical pain, compared to 94 minutes for those treated with conventional drugs.

INTERNATIONAL

Sir Isaiah Berlin Dies, Scholar and Historian of Ideas

By Marilyn Berger
New York Times Service

Sir Isaiah Berlin, 88, the philosopher and historian of ideas, revered for his intellect and cherished for his wit and his gift for friendship, died Wednesday night in Oxford, England, after a protracted illness, Oxford University said Thursday.

Family friends said he had been in and out of the hospital since July.

Sir Isaiah defied classification. One of the leading scholars of the 20th century, he was a bon vivant, a sought-after conversationalist, a serious opera buff and an ardent Zionist. He shattered the popular concept of the Oxford don surrounded by dusty books and dry tutorials.

Sir Isaiah seemed to know almost everyone worth knowing in this century, among them Winston Churchill, Sigmund Freud, Jawaharlal Nehru, Igor Stravinsky, Boris Pasternak, T.S. Eliot, W.H. Auden, Chaim Weizmann, Virginia Woolf, Edmund Wilson, Aldous Huxley, Bertrand Russell and Felix Frankfurter.

A staunch advocate of pluralism in a century in which totalitarianism and utopians claimed title to the one, single truth, Sir Isaiah considered the very notion that there could be one final answer to organizing human society a dangerous illusion that would lead to nothing but bloodshed, coercion and deprivation of liberty.

His reputation rested securely on his lectures and essays — a cornucopia of Western philosophical and political thought involving inquiries into the nature of liberty, the search for Utopia, the misconceptions of the Enlightenment, the innate human yearning for a homeland, the roots of nationalism, the underpinnings of fascism.

His best-known essay in the United States, "The Hedgehog and

the Fox," a 1953 study of Tolstoy's view of history as embodied in "War and Peace" is regarded as a classic of political inquiry and literary criticism. Taking his title from the Greek poet Archilochus ("The fox knows many things, but the hedgehog knows one big thing"), Sir Isaiah's essay was a study of the mind and the work of Tolstoy, but went beyond that to explore his own central themes about the place of the individual in the historical process and the struggle between monism and pluralism.

In this essay, he drew a distinction between two human types: those, like the fox, who pursue many ends, often unrelated, even contradictory, and those, like the hedgehog, who relate everything to a single organizing principle. He saw Tolstoy as a fox who wanted to be a hedgehog. He considered Aristotle, Goethe, Pushkin, Balzac, Joyce and Turgenev to be foxes. Plato, Dante, Pascal, Proust and Dostoyevsky were among the hedgehogs.

Sir Isaiah's 1959 essay, "Two Concepts of Liberty," is considered a major contribution to political theory. In it, he made a distinction

between negative liberty, which the individual must be allowed to enjoy without state interference, and positive liberty, which the state permits by imposing regulations that, by necessity, limit some freedoms in the name of greater liberty for all. He argued that both kinds of liberty were required for a just society.

For Sir Isaiah, ideas could not be divorced from people and their psychological and cultural milieu. If thinking thoughts was his chosen line of work, people were what he called his "scenery."

At each stage of his life, whether young or old, acquaintances remember him as having the look of "indeterminate middle age," bespectacled, baldish, of medium height. In his conversation as in his writing — which he mainly dictated so it carried the full flavor of his voice — Sir Isaiah's sentences were constructs of dazzling erudition, built clause upon clause, wisdom intermixed with anecdote, quotations, historical parallels and flashes of wit. When Prime Minister Harold MacMillan nominated him in 1957 for the Queen's list he noted that the knighthood should be bestowed "for talking."

Not everyone understood what he was talking about, for he spoke with extraordinary rapidity, his tongue barely able to keep up with his thoughts. His English bore the traces of his native Russian, and, in his later years, he suffered from a paralyzed vocal cord that did not slow him up but rendered some words indistinct. But even before this affliction, when he met Harold Ross of The New Yorker, Mr. Ross told him, "I don't understand a word you've said, but if you have something to publish, I'll publish it."

As for his writing, much of it might have been left in the basement of Headington House, his elegant Queen Anne residence in Oxford, had an enterprising graduate student not come along to gather it together. His lectures were often not published and his essays were scattered in many magazines and journals.

Henry Hardy, the graduate student set out to collect it in four volumes that became five: "Russian Thinkers" (1978); "Concepts and Categories" (1978); "Against the Current" (1979); "Personal Impressions" (1980) and "The Crooked Timber of History" (1990).

He also wrote "Karl Marx," (1939), "The Age of Enlightenment" (1956), "Four Essays on Liberty" (1969), "Vico and Herder" (1976) and "The Magus of the North: J.G. Hamann and the Origins of Modern Irrationalism" (1993).

Until the publication of the Hardy collections, Sir Isaiah had been known as a man who talked much but wrote little and had, in fact, been taken to task for not producing a major opus, a failing attributed to his reluctance to sit at a desk in front of a blank piece of paper.

But Sir Isaiah said he gave no thought to leaving a legacy and insisted that he had no interest whatsoever either in his reputation or in what people would say about him after he died. Sitting in his London flat for an interview during his 87th year, he said, "I really am very unambitious. I'm underambitious, if anything. I've never, never aimed at anything. I didn't shape my life. I did simply one thing after another. When opportunities arose I took them. It's an unplanned life essentially." When it was suggested that he was known as a man who took great pleasure in intellectual life, he said, "I take pleasure in pleasure."

Among the opportunities that he grasped which afforded him many pleasures were assignments in Washington during World War II, Moscow just after the war, and a long association with Oxford.

Isaiah Berlin was born in Riga, Latvia, on June 6, 1909, the son of a successful timber merchant and landowner and the grandson, on his mother's side, of a Hasidic rabbi of the ecstatic Lubavitch tradition.

His family moved to St. Petersburg where he was a witness to the two Russian revolutions. The family then immigrated in 1921 to London, where it had business interests.

George Chambers, Trinidad's Ex-Leader

The Associated Press

PORT-OF-SPAIN, Trinidad — George Chambers, 69, a former prime minister of Trinidad and Tobago whose insistence that it diversify out of oil cost his party its 30-year hold in Parliament, died Tuesday. He had been suffering from prostate cancer.

Mr. Chambers, a former finance minister, was appointed to the post after Prime Minister Eric Williams died in office in March 1981. Mr. Chambers led his party, the People's National Movement, to a resound-

ing victory later that year, but suffered a landslide defeat in 1986 after suggesting the country seek aid from the International Monetary Fund to diversify the economy.

Two years later, his successor secured loans from the IMF for more than \$200 million. By then, the price of oil had plummeted and the country was deeply in debt.

Robert Bleiberg, 73, Longtime Barron's Editor
NEW YORK (NYT) — Robert Bleiberg, 73, who retired in 1991

after long service as editor, publisher and editorial director of Barron's, the weekly business and financial newspaper, died here of leukemia Monday.

Mr. Bleiberg joined Barron's in 1946, after serving in the infantry in World War II and being wounded in Okinawa. He was named editor in 1981. In 1980, he was given additional responsibility as vice president of the Dow Jones magazine group, and later that year he was named publisher of Barron's.

New Giants on World Stage

South African Companies Show Their Global Might

By Lynne Duke
Washington Post Service

JOHANNESBURG — With the listing of Billiton PLC on the London Stock Exchange this year, the accelerating entry of South African capital into the global economy entered a new phase.

Constrained in raising international financing, Gencor Ltd., South Africa's second-largest mining house, split off its nonprecious metals portfolio to create Billiton and listed the new company on the London market.

With assets of \$5.4 billion, Billiton now controls Gencor's aluminum, ferroalloy, coal and titanium assets and will be able to raise significant capital for further development both here and abroad.

"We wanted to register in London so we could capture the investment funds inherent in a large international capital market," said Mick Davis, Billiton's executive director. "South Africa captures only emerging-market fund managers. We wanted to be in an emerged market so we could have all fund managers looking at us."

RAND: Aggressive Businesses Looking North

Continued from Page 1

complications. Although some governments have adopted investor-friendly policies such as easing restrictions on foreign ownership and offering incentives for business development, red tape is an obstacle — as are suspicions that some governments harbor about the giant to their south.

On the South African side there are drawbacks as well. Apart from the country's mining houses and other large corporations, South African business is not accustomed to dealing with the outside world after years of isolation brought about by international sanctions aimed at ending apartheid.

"If we make a success here economically, then the rest of Africa will certainly benefit," said Erich Leistner, a research fellow at the Africa Institute. The South African investment trend has been growing since 1993, when the passage of an interim constitution signaled the death knell of apartheid and brought an end to sanctions.

The formal introduction of nonracial democracy the following year led to the gradual lifting of South African currency controls that prohibited foreign investment, which in turn brought the opening of the country's economy to the world.

Under a democratic, black-led government, South African companies are far more welcome on the continent than they were when its business establishment symbolized racist rule. Although big business in South Africa remains largely white, on a continent in des-

perate need of economic development after years of stagnation, it is the color of money that speaks more loudly.

South Africa's economy is four times larger than those of its southern African neighbors combined. While most of Africa comprises developing countries, South Africa straddles the Third World and the First. It is an emerging market with deep socioeconomic needs, but with sectors that already have emerged into the global economy.

Analysts say it is important for South Africa to invest in Africa, especially southern Africa, to strengthen its export markets. In addition, some South African businesses have outgrown their domestic markets and need to expand to remain viable.

To encourage regional development, the South African Reserve Bank has allowed companies to move into foreign direct investment the equivalent of \$10.5 million for each new project.

Some African countries resent the inherently unequal nature of trade with the economic giant. South Africa's exports to its neighbors are six times greater than its imports from those countries. Though some of South Africa's trading partners have reduced their tariffs substantially, South Africa has been reluctant to make it too easy for imports to get in.

"There's a certain amount of fear north of South Africa that South African business will come in and just roll over their local business, which is a valid fear," said Game Stores' Mr. Barrett. "But at the end of the day, you can't hold back the world."

OREGON: Voters Uphold Assisted-Suicide Law

Continued from Page 1

But she said, "This is an enormously private and personal choice and something that will take place within the confines of the confidential patient-physician relationship."

Glen Gordon, a surgeon and former president of the Oregon Medical Association who supports assisted suicide, said that he expected a "very small group" of patients to end their lives under the law, but that others might ask for overdose prescriptions to "have the option available" in case their suffering became unbearable.

Because the 9th U.S. Circuit Court of Appeals in San Francisco on Oct. 27 formally lifted a 1994 lower-court injunction blocking assisted suicide — although without announcing its action — doctors have been free for more than a week to legally prescribe fatal doses of barbiturates to patients who have less than six months to live. But the court's action was not known to doctors in Oregon until an embarrassed state attorney general's office

announced Tuesday evening that the mailed notice of the injunction's withdrawal had reached the trial court in Eugene last Friday.

Katrina Hedberg, deputy state epidemiologist for the Oregon Health Division, said that administrative regulations governing assisted suicide have been ready since the measure was passed in 1994 and will be filed with the secretary of state "within the next couple of days." The forms doctors will be required to submit when prescribing fatal overdoses will be distributed then, Ms. Hedberg said. But she said doctors "could start today" the 15-day waiting period between a request for suicide assistance and the issuance of a prescription.

Opponents of the law indicated they would renew their legal challenge on a case-by-case basis, if necessary. James Bopp Jr., an attorney for the National Right to Life Committee, which filed the original challenge, said that if someone informed him that a relative was terminally ill and suicidal and he felt the patient needed protection from the new law, he would consider representing the patient.

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The Delights of Perth, Australia's Windy City A Nugget of Civilization at Land's End

By Clyde H. Farnsworth
New York Times Service

PERTH, Australia — Enriched by discoveries of gold and diamonds and tucked between expanses of treeless plains and an ever-vast Indian ocean, Perth is a bright nugget of civilization amid much emptiness. Farther from Sydney than from Jakarta, Perth is one of the world's most isolated major cities, and while it's smaller than Sydney and Melbourne, it's growing faster than either. It is the capital of the gargantuan state of Western Australia. Most of the state's 2 million inhabitants live in and around the city.

In 1962 Perth achieved global renown as a beacon for the astronaut John Glenn. To help him get his bearings while in orbit, citizens switched on every light. He called it the City of Lights. Perth is also a city of white boats, black swans, magnificent beaches along the Sunset Coast of the Indian Ocean and 8,000 species of wildflowers — from orchids and everlasting to kangaroo paw. And now that spring has come to the Southern Hemisphere, they are in bloom. Kings Park, a leisurely walk from Perth's center, is one place to see them, but because of the Los Angeles-like climate, everybody's garden blazes with flowers all year. Spring temperatures are balmy — in the 70s and 80s — but Perth rivals Chicago when it comes to wind.

FOR NATURE LOVERS The area is a nature-lover's paradise, with cycling and walking paths along shores speckled with pelicans, ibises, cormorants, terns and parrots. Most afternoons Perth pulses with the flap of sails, against a backdrop of iridescent towers. The best beaches are north of the port city of Fremantle, 10 miles to the southwest.

The coast from Perth to the north used to be known as New Holland, after the Dutch navigators who were the first to explore it back in the early 1600s. Mindful of those connections, the Art

Most events in the World Swimming Championships, Jan. 8 to 18, will be at the Challenge Stadium in Claremont; (61-8) 9284-1998, fax (61-8) 9284-1122. The exception will be the long-distance swim in the Indian Ocean.

Australian flora and fauna are unique, and Perth Zoo is splendid — with walk-through aviaries and habitats that offer face-to-face encounters with kangaroos, wallabies, koalas, echidnas and Tasmanian devils. Rare creatures like the numbat, chuditch, wopilkara and djongari are part of the zoo's breeding programs, which restore near-extinct species to the wild. Let a butterfly land on your shoulder in the lush Butterfly House or stroke a blue-tongued skink in the Reptile House. New sections of the Australian Walkabout are about to open: the Bushwalk mid-November, and the Wetlands mid-December.

At most crocodile parks you look down from a distance at those grinning jaws. By early 1998 you'll be able to eyeball a croc here through a glass partition. A marvelous playground is adapted for children with special needs. Open 9 A.M. to 5 P.M. all year. The ferry from Barrack Street pier lets passengers off near the zoo; or take the No. 110 bus. Admission \$8, seniors \$5, children under 4, \$4; (61-8) 9367-7988.

Kings Park also offers acres of native flora with some fauna in the Botanical Gardens and natural bushland overlooking the wide Swan River. There are paths for cycling, strolling and bushwalking, picnic areas, and a cafe and restaurant. A free bus, with pickups along St. George's Terrace, connects the park with the city center.

Fremantle Prison, a maximum-security prison until 1991, was built from limestone quarried on site by convicts shipped from Britain starting in 1850, when even petty criminals were transported to do time. According to a former warden, an owl flew in on the eve of every hanging; if it was gone by morning, a pardon would be granted. Prisoners' artwork on cell walls is especially moving. Open daily 10 A.M. to 6 P.M.; tours every half-hour lasting one to two hours. Candlelight tours Wednesday and Friday at 7:30 by reservation. Call (61-8) 9430-7177, fax (61-8) 9430-7188. Guides include retired wardens and ex-inmates. Admission: \$8, seniors \$6, children \$4.

Ninety-eight years after its opening, the Perth Mint in East Perth, (61-8) 9421-7277, continues making money. You can see gold being poured, handle a \$155,000 ingot and make your own medallions. Weekdays 9 A.M. to 4 P.M., weekends 9 A.M. to 1 P.M. Admission \$4.

Numerous wineries are within a day's drive of the city, but the most mellowing way to see them is a wine cruise up the Swan River to Houghton or Sandalford vineyards. The fare, \$58 a person, includes unlimited wine tasting on board and at the winery, a visit to the restored 1880s Woodbridge mansion and full buffet at Mulberry Farm. Crew members entertain. Almost seven hours long, the cruise leaves at 9:15 A.M. daily from the Barrack Street Jetty, Old Perth Port; (61-8) 9221-5844.

ROTINIST Island was misnamed by Dutch explorers who mistook the quokkas, the docile marsupials that live there, for huge rats. Nine miles square, it became a prison for Aborigines, who called it Wadjemup — a place where spirits of the dead are borne by the wind from the mainland. Now it's Perth's playground, easily reached by ferry from Perth, Fremantle or Hillarys (\$22 to \$39 round trip); (61-8) 9221-5844, fax (61-8) 9325-3717. Recreational possibilities include hiking, bicycling, bird watching, swimming from sandy coves, diving or snorkeling, exploring historic buildings and light-houses, or taking an undersea viewing boat. Although you can see Rotinist in a day, rooms are available at the beachfront Rotinist Hotel, (61-8) 9292-5011, fax (61-8) 9292-5188, \$120 with breakfast, or Rotinist Lodge, (61-8) 9292-5161, fax (61-8) 9292-5158, \$100 to \$116. Information: Rotinist Authority, (61-8) 9432-9111.

GRAT VIEWS Among the delights of eating out are plenty of fresh seafood, numerous ethnic restaurants and dining rooms with great views. Window's is the Burswood Hotel's top restaurant, (61-8) 9362-7777, with a quiet elegance, thick carpets and comfortable armchairs. Gulls constantly skim the lagoon for their own meals, against the backdrop of the Perth skyline. A specialty: hapuka (a grouper) fillet filled with red onion, capsicum, tomato and snow-pea sprouts and enveloped by bacon. Meal for two with modest wine: \$108.

From Fraser's, on Fraser Avenue near the Botanic Gardens in Kings Park, (61-8) 9481-7100, you can enjoy a stunning panorama of the city and river while eating freshly shucked Pacific oysters, asparagus risotto or fish chowder. Meal for two: \$93.

The Matilda Bay restaurant, 3 Hackett Drive in Crawley, (61-8) 9386-5425, overlooks the river and a marina full of sailboats as well as the Perth skyline. Diners look as if they have just docked their boats. Many have. A popular dish is seared swordfish encrusted with mustard and sesame seeds with a spicy scallop salad. Meal for two: \$93.



Clockwise from left: Hartwell House guest room; courtyard of the Lygon Arms; map; foyer of the Lygon Arms.

Where the Famous Once Slept

By Charles Corn

BROADWAY, England — The bounteous summers of the English countryside have attracted me since my days as a youth-homesteader on a bicycle, so I have returned to the Cotswolds and Midlands twice in recent years — once two summers ago and again in the spring of this year, on short trips from London.

On both occasions, my companion, Rosalie, and I visited two very different but equally classic country hotels: the vicaragelike Lygon Arms, in the heart of the Cotswolds village of Broadway, and the palatial Hartwell House, about 20 miles northeast of Oxford in the rolling Midlands of Buckinghamshire.

The Lygon Arms, an ancient coaching inn owned since 1986 by the Savoy Group of London, has been a haven for travelers since 1532, during Henry VIII's reign. When we first entered its foyer, we were greeted by crackling open fires to dispel the damp, beneath mantels bearing collections of old pewter and porcelain. Between that visit and our next, two years later, the only variables were the weather and the wonderfully evolving cuisine of the chef, Roger Narberth.

Portraits of periwigged ancestors from Milton's day gazed down from dark, oak-paneled walls, while ancient clocks sounded the hour. A legend over an interior portal read: "Now good digestion with an appetite and health or both."

History seemed etched into the inn's every beam. The inn has entertained a succession of distinguished travelers, from the age of Elizabeth I and Raleigh, through the great Civil War with its fierce antagonists Charles I and Cromwell (the latter stayed here before the Battle of Worcester, while at another time the king met his Cavalier supporters at the inn).

A HUNTING TRADITION

By the 1830s General Lygon, who had served under Wellington at Waterloo, had acquired the property and given it his family (Beauchamp) coat of arms, which greets travelers on the sign hanging outside the entrance today. Toward the end of Queen Victoria's reign the sportsman Charles Drury established the Lygon Arms as the rallying point for the North Cotswold Hunt, a tradition that remains.

Our room — actually a small suite featuring a fabric-draped four-poster — was cozily and quietly situated on the second floor overlooking the interior courtyard, well off the road.

When we went down to the softly lighted dining room, we saw just how enterprisingly the owners had used cleverly disguised innovation to preserve the traditional atmosphere. Known as the Great Hall, the spacious area is an oblong affair with a 17th-century minstrel's gallery and walls adorned with stag heads and heraldic friezes beneath a dramatic but airy barrel-vaulted ceiling, from which chandeliers descend at each end of the room. A blazing fire lends intimacy to the expansive space.

LAMB AND DUCKLING There was a choice of appetizers, from which we had a ballotine of chicken with foie gras, served with mushrooms, pistachio and a green leaf salad with hazelnut dressing, and a phyllo pastry, filled with Indian-spiced Cornish crab, coriander and grilled scallops. For our main courses, we selected the local lamb wrapped in zucchini with a confit of onion and potato and a home-smoked duckling with a port sauce and red currants. The wine list was admirably thorough, with choice bottles from the Continent.

After dessert and a selection of cheeses, we visited the room where Cromwell slept, and under his portrait's watchful gaze we looked at the Elizabethan fireplace, the ornately detailed 17th-century ceiling and frieze, and the splendid furniture worthy of the Lord Protector. Our sense of fairness then led us to the chamber where Charles I had gathered with his Cavalier retinue, and where his portrait is now suspended from the original 17th-century oak paneling.

By day we explored the Cotswolds and their villages, with names like Stow-on-the-Wold, Chipping Campden, the Slaughters, the Swells, and Bourton-on-the-Water, usually stopping for a lunch of shepherd's pie or Dover sole with a pint of bitter or lager at one of the hamlet pubs.

I take great pleasure in reading England's history not only in the stones of rural inns like the Lygon Arms but also in the surviving noble houses. These great residences, altered and sometimes used unkindly by later generations, still stand as monuments to a fierce grandeur of vision and enterprise,

when Renaissance trade brought a new wave of wealth sweeping across a barbaric island nation, sparking a mania for ostentation in building. Happily, some of these houses have been reincarnated as country hotels.

Hartwell House near Oxford is one of these. The regal structure stands amid 90 acres of park divided by carefully placed clumps of woods and a peaceful stretch of water plied by waterfowl and spanned by a graceful stone bridge, legacies of that great master of English landscaping, Capability Brown.

The property — mentioned in the 11th-century Doomsday Book as belonging to William Peverel, natural son of William the Conqueror — reaches back nearly 1,000 years to the reign of Edward the Confessor. Hartwell House itself, with both Jacobean and Georgian facades crowned by a cupola, was built for the Hampden and Lee families (ancestors of General Robert E. Lee) during the 17th and 18th centuries, and has evolved through changing seasons of taste.

The Great Hall, which dates from 1740, is an imposing reception area in the Baroque style, the work of James Gibbs, and it features detailed plasterwork and period paintings. To reach our bedroom, we climbed a magnificently hybrid staircase, at once Jacobean and modern, with a grotesque carved figure atop each baluster (including G.K. Chesterton and Winston Churchill). We were ushered into an elongated chamber reaching past the twin beds to bow windows overlooking the drive and entrance below.

DINNER was served downstairs in the Soane Dining Room, done in the style of the early 19th-century architect Sir John Soane, whose house in London is a delightful museum. The warm peach-hued room under 15-foot ceilings was completed in 1988, but it blends seamlessly with the rest of the house. As at the Lygon Arms, the menu and wine list were enticing.

In the morning, we introduced ourselves to Jonathan Thompson, director and general manager of the estate. A hospitable and witty man, he told the story of Hartwell House and the successive efforts at "modernization." The public rooms as well as the 33 guest rooms in the main house have been brought to life in a variety of periods and styles that allow guests to savor the property's diverse history.

In the paneled bar adjoining the

Great Hall, canvases by an itinerant Spanish artist, Balhazar Nebot, depict Hartwell's gardens bordered by the house's facade as it appeared in the mid-18th century. The pomegranate-colored morning room — with its luscious plaster ceiling carved in the rococo style depicting the four seasons as well as the four elements — the drawing room and the library all were Georgian additions around 1760.

THE COOK CONNECTION After being occupied by a series of memorable leaseholders, the house passed from the Lee family and its co-owners were sold at auction, while the buildings themselves were saved from the wrecker's ball by the philanthropist Ernest Cook, grandson of the great Victorian travel mogul Thomas Cook. In 1937 the property became a girls' boarding school and suffered a fire in 1963. Historic House Hotels acquired the property in 1983 and undertook a major restoration and conversion before the hotel's opening in 1989. President Bill Clinton was a guest there in 1994 during his D-Day visit to Britain.

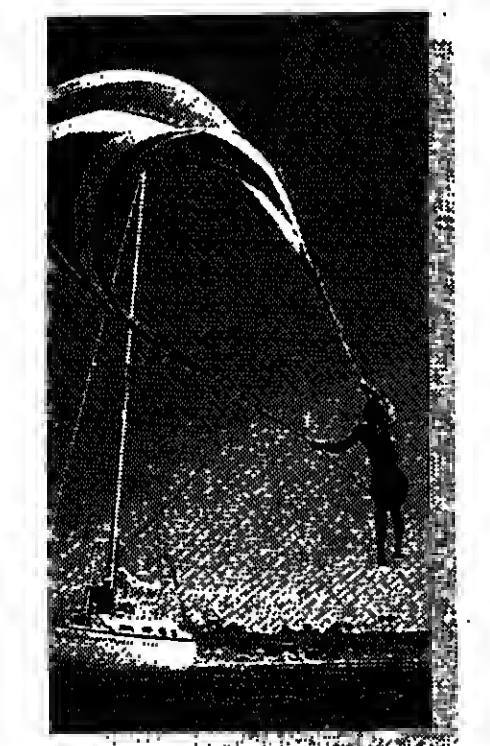
But the most prominent chapter in Hartwell House's past occurred when the property was leased in 1809 to the exiled Louis XVIII of France, who as King of Holland held his court of émigrés here in a quintessentially English setting. Today's guest can imagine the up-ward of 150 destitute aristocrats huddled here, minding their own shops on the grounds and raising vegetables, chickens and rabbits on a sheltered roof terrace.

"Why wouldst thou leave calm Hartwell's green abode... Apician table and Horatian Ode?" wrote Lord Byron of Louis XVIII's departure for France in 1814 to assume his throne, two years after Napoleon's retreat from Moscow. The question still hangs in the air: Why leave such a place?

The Lygon Arms, tel. (44-1386) 852-255; fax (44-1386) 858-611. Rates from about \$272 for a double room to about \$579 for a large suite, plus VAT of 17.5 per cent.

The Hartwell House, tel. (44-1296) 747-444; fax (44-1296) 747-450, ranges from about \$315 for a double room to \$877 for a suite.

Charles Corn's new book, "The Scenes of Eden: A Narrative of the Spice Trade," will be published by Kodansha in February. He wrote this for The New York Times.



Parasailing off Rotinist Island.

Gallery of Western Australia, (61-8) 9492-6600, will have the "Golden Age of Dutch Art" through Jan. 11. The show includes 40 works on loan from the Rijksmuseum of Amsterdam, one a Rembrandt. The gallery's permanent collection of Aboriginal art is one of the world's best. Admission and tours are free, but the Dutch show has an admission charge of \$8 and \$5 for children.

"Carmen," featuring Roxane Hisslop, will be performed at 7:30 P.M. Nov. 11 through 22 by the West Australian Opera Company at His Majesty's Theatre, a gracious, newly restored Edwardian structure. Tickets \$35 to \$66 during the week, \$37 to \$74 Sundays; (61-8) 9484-1133, fax (61-8) 9221-2241.

The triathlon is a new Olympic sport, and hopefuls for the 2000 Sydney Summer Games will participate in a qualifying round in Perth on Nov. 16. They will swim in the Swan River, cycle through the city and around Kings Park, then run along the riverbank to finish at Esplanade Park. Information: (61-8) 9220-1788, fax (61-8) 9221-3007.

From Jan. 4 to 10, Perth will be the scene of a major international tennis tournament, the Hyundai Hopman Cup, a warm-up for the Australian Open in Melbourne. The site is the Burswood Dome, Australia's largest enclosed sports arena (seating 8,500 for this event), in the Burswood Hotel and Casino complex at the eastern edge of the city. Tickets from \$116 to \$163 for all sessions, \$12 to \$43 for individual sessions; (61-8) 9380-4000, fax (61-8) 9388-1436.

KIDS

Fun for the Whole Family Under One Chelsea Roof

By Barbara Rosen

LONDON — Do you get headaches in toy-crammed hypermarkets? Does your blood pressure rise when salespeople send the latest plaything huzzing around your ears? Here's one alternative: a department store that aims to put everything for kids aged 0 to 10 under one, fun-for-the-whole-family roof.

The brainchild of Tim Waterstone, whose browser-friendly bookshops revolutionized British book retailing in the 1980s, Daisy & Tom is positively pleasant. There's enough room to push a stroller between the toy shelves. The background music is as likely to be Ella Fitzgerald as nursery rhymes. A performing clock ticks the well-stocked book department. The minuscule hair salon is stocked with toys and videos.

Cranky kids can be appeased with a ride on a hand-carved carousel in the toy department. They can watch marionettes performing "Peter and the Wolf" while their folks shop for clothes and shoes. Waiters juggle in the soda bar, which offers smoked salmon and Sauvignon blanc as well as hot dogs and hot fudge. It's clear if only by its location in Chelsea's upmarket King's Road: This shop is aimed at parents, grandparents and godparents with good-sized pocketbooks. Haircuts start at £10 (about \$17) however young the head; a milkshake goes for £3, and the clothes come with labels like Catimini and Petit Bateau.

But while Daisy & Tom's prices aren't discount, they aren't stratospheric either. Angel Princess Barbie costs £17.99 here, compared to £16.99 at Toys 'R' Us and £19.99 at Hamleys in Regent Street. Hitting a Thomas the Tank Engine to your Brio train will cost £9.99 here, about

the same as at the "never knowingly undersold" John Lewis department store, and £2 less than at Hamleys.

In fact, says Waterstone, "the whole thing was aimed at my wife," the television producer/director Rosie Alison, who spent weekends dragging their two youngsters from toy store to clothes shop to clip joint. The idea was to create "somewhere where she'd like to take her children on Saturday afternoon," he says.

The theme was already there: Alison had planned a series of books based on their own 3-year-old daughter, Daisy, and Tom, the son of a friend who became a baker. The store opened July 31, there are already two books and rag dolls, and there's talk of putting Daisy & Tom on television.

Waterstone knows what he's talking about when it comes to pleasing both parents and kids: He has a total of eight children from his three marriages. He

also knows what he likes. The store features lots of Babar and Tintin — "that's just me imposing my own taste," he says. He even envisaged, however briefly, a children's store with lots of Scandinavian wooden toys but not a single Barbie doll.

"I did," he admits, "for about two and a half minutes. . . . It was rather pretentious of me." (The selection now includes the Barbie Loves Elvis collector edition gift set, priced at £85.)

Of the Debussy-meets-Disney sound system: "Children should be listening to good music," Waterstone declares. In the book department, any times above a 10-year-old's reading level are likely to be classics. "I don't really believe in teen fiction," he says.

The Chelsea store is set to get a new floor, selling sports equipment and beds, after Christmas. A second Daisy & Tom is scheduled to open this month

in Manchester; it will be basically the same but bigger, incorporating a supervised (pay) play area. Two more stores are planned for Scotland and the north of England next year, and there's talk of crossing the Channel.

Meanwhile, with Daisy & Tom duly launched, the man some describe as "a visionary retailer" proposed to revamp his former employer, the retail group W.H. Smith, which he left in 1981 and to whom he later sold the Waterstone's bookstores. His recipe included increased amounts of Waterstone and even a dollop of Daisy & Tom. But W.H. Smith's board rejected the plan, though they've apparently accepted some of the advice it contained, announcing on Oct. 16 that they want to spin off the Waterstone's bookstore chain.

Barbara Rosen is a free-lance journalist living in London.



THE FREQUENT TRAVELER

Wiring Up for the Millennium

By Roger Collis
International Herald Tribune

THE notion of the hotel room as a "command center" from which you can manage your business and communicate with clients and the office as though you were in the office has materialized at the Britannia Hotel in London — part of the Singapore-based Millennium Hotels group. The Britannia claims to be the first hotel in London — possibly in the world — to offer business travelers direct high-speed access to the Internet and video conferencing from their rooms. The hotel has wired each room on the sixth floor with fiber-optic cable that links the room to an Internet provider thus avoiding the hotel switchboard and rip-off telephone rates. Guests can access the Internet instantly through a traditional dial-up modem that you find in most hotel rooms. You plug your laptop into a special socket, like you would a hair drier, to send and receive e-mails, connect to the Internet or the company "intranet" back at the office.

Paul Slijter, marketing director at the Britannia, says: "What we've done is bypass the modem by installing a 'pure cable network' within the hotel that goes straight out to the Web via a server in the basement. This gives an unparalleled high-speed link between your room and your office. When you send an e-mail it's instantaneous, no dialing up, you just hit the send key. We have a fixed charge of £50 (\$84) per stay, which gives you unlimited use; you can stay on-line for six hours at a time if you want."

Business travelers face the challenge of trying to use a powerful laptop with advanced graphics and multimedia applications with a slow 28K standard modem on standard phone lines," says James Smith, European director of operations at Intel in London. "The problem is the time it takes to download complex files at rip-off hotel prices. As the richness of the data you need to transfer increases, a big file becomes horrendously long — you can get into hours. Plus the problem of keeping a solid connection. I get about 100 e-mails a day; some are short messages; others are in the megabyte size. Imagine downloading for one and half hours, which is what happens, you've nearly got the file, then there's a glitch on the line and you've lost it all. The Britannia gives you a good clear 100-megabit digital connection like you'd have at the office. It's the first hotel I know to offer anything like this."

Travelers are unhappy about a new provision in U.S. tax law that makes Frequent Flier Program miles sold by

airlines to program partners — such as hotel, car rental firms and credit-card companies — to give away to their customers as inducements subject to a 7.5 percent tax, which airlines will collect on behalf of the tax authorities. The tax, which came into effect on Oct. 2, is expected to raise \$150 million in the first year. FFP guru Randy Petersen, the publisher of Inside Flyer magazine in Colorado Springs, says: "I think the U.S. government is afraid to tax travelers directly for FFP awards because of the possibility of a backlash. What may happen is that airlines will pay the tax on behalf of partners and then charge anyone redeeming an award a 'redemption fee.'"

Petersen reckons that 40 percent of miles earned by the average frequent flier come from FFP partners — growing to about 57 percent over the next two years. Airlines around the world earned about \$1.5 billion by selling miles to various partners. "We can expect to see partners reducing the number of airline programs to which they belong, basically to cut their tax liability," Petersen says. "I still think FFPs will grow by about 12 percent in terms of membership in 1998."

Mileage junkies are familiar with the doom-laden terms "Expiration Dates," "Capacity Controls" and "Blackout Periods" when it comes to redeeming miles for fugitive awards. More optimistic is miles and money, which enables travelers short of miles for an award to top them up with a special low-cost fare.

United Airlines, for example, offers Mileage Plus members a round-trip from Paris to New York for 20,000 miles (instead of the normal 50,000 miles) plus 1,175 francs (about \$200); 2,000 francs to Las Vegas; 2,900 francs to Hawaii, for travel until Dec. 10, and from Jan. 10 to March 31. TWA's FFP members can cash in 15,000 miles plus \$299 for a round-trip award from the United States to Europe until March 15.

Late-departing flights can be the bane of late-arriving passengers. In a bid to improve on-time performance, more airlines are denying boarding to passengers who turn up late at the gate after having checked in. Emirates airline has introduced a 10-minute rule. After checking in, passengers must be ready to board no later than 10 minutes before departure or risk being left behind. This is made possible by a new "baggage reconciliation system" which enables bags already loaded to be tracked and quickly removed from the hold. Cathay Pacific denied boarding to 1,313 passengers in the first three months of 1997

because they were late at the gate. Cathay asks its passengers to arrive 20 minutes before scheduled departure but only turns them away if they are more than 10 minutes late.

In the United States, where a missed connection can have a domino effect on domestic flights, United Airlines imposes a 20-minute limit (30 minutes for international flights). Northwest Airlines estimates that late arrivals cost it around \$36 million in lost revenue a year due to late-arriving passengers rebooking on rival carriers.

Japan Airlines seems to take a more relaxed view. "We don't see this as a major problem, we don't have an actual deadline," says Karen Turner, a JAL spokeswoman in London. "If people seem like being late, our staff will go looking for them — Japanese will be shopping; Brits will be in the pub — having located their bags ready to off-load if necessary. We won't delay the plane. But we will throw people in at the last minute. As long as the doors are still open!"

A survey of more than 100 travel managers attending the American Express Travel Forum in Frankfurt in October revealed:

- 73 percent forecast an increase in the number of business trips over the next five years;
- 62 percent expect the cost of travel to increase too;
- 80 percent believe video conferencing will complement business travel;
- 50 percent will be adopting interactive technology over the next 10 years;
- 75 percent believe that "mobile working" — doing the job back in the office as well as on the road — will be crucial to corporate productivity.

Travelers who consider hotel minibars (along with hotel phone charges) as a legalized form of highway robbery (\$10 for a small bottle of mineral water, Coca Cola or local beer; \$20 for a quarter-bottle of wine or \$15 for a miniature Scotch) will welcome a decision by Shangri-La, the Asian hotel group, to replace minibars at its 4-star hotels with a self-service refrigerator stocked with whatever the guest wants — at "retail prices."

Joanne Watkins, group director of communications at Shangri-La in Hong Kong, says: "At check-in, for example, if a guest wants beer, mineral water, a sports drink or whiskey, we buy and charge at the retail price. We save by not having to stock, control and replenish the mini-bar. We see this as an added-value service; part of the room cost, not a profit-center."

BOOKS

TALES OF H.P. LOVECRAFT

Selected and introduced by Joyce Carol Oates. 329 pages. \$23. The Ecco Press.

THE ANNOTATED H.P. LOVECRAFT

Edited by S.T. Joshi. 360 pages. \$12.95. Dell.

Reviewed by Douglas E. Winter
F EAR lurks in the shadows of American letters, its pleasures pebbled and guilty. The "genre" of fiction of horror and the supernatural is Cain to the Abel of literary fiction, maligned and maverick, until time heals its wounds and makes it classic, if not literature.

Consider, if you will, the facts in the case of the "Gentleman from Providence," the haunted savant known as H.P. Lovecraft (1890-1937).

Born to Rhode Island gentry, Howard Phillips Lovecraft suffered through a childhood that reads like a recipe for the making of a horror writer. Before Lovecraft's eighth birthday, his father had died, apparently of syphilis, after years in a mental hospital. His emotionally unstable mother, who would die in the same asylum, described her son's face as "hideous," and he was plagued by recurrent nightmares and dubious, probably psychosomatic, infirmities that often kept him from school. When a grandfather's business reversals and the death of his mother and son from the family mansion, Lovecraft succumbed to a "nervous collapse," and his dream of studying astronomy at Brown University was abandoned in favor of reclusion.

Words became his world. Sooo this precocious but wounded young man was caught up in the amateur press movement, and his pen evoked the dime-novel tales of the dark fantastic that had intrigued him in his teens. Not surpris-

ingly, Edgar Allan Poe cast a morbid shadow over his first mature story, "The Tomb" (1917), and the aptly titled "The Outsider" (1921), an atmospheric jeremiad in which the narrator's homecoming is met with the revelation that he is a walking corpse.

For the next 20 years Lovecraft mended with the sad oobility of the intrepid amateur. His prose was intensely self-conscious. With his fey and feverish narrators, imaginary texts and histories, Lovecraft was a master of affectation. With his insistent vision of alienation — whether familial or, in his finer moments, cosmic — Lovecraft's appeal (particularly to adolescent readers) was, and remains, profound.

Although he tolerated commercial projects, including a stint ghostwriting for Harry Houdini, Lovecraft's urgent need to write was tempered by his diffidence about (if not disdain for) the marketplace. He died of intestinal cancer, alone and impoverished, in 1937, having written only a few, but highly memorable, stories in the final decade of his life. "From even the greatest of horrors," Lovecraft wrote, "irony is seldom absent." The central irony of his short life was that this quintessentially bookish man never saw his fiction in a book.

His stories were published in oegile media: amateur journals and the "pulp" magazines, including the now-legendary, but then-ephemeral, Weird Tales. After a critical nadir in 1945, when Edmund Wilson panned his "hed taste and bad art" in The New Yorker, Lovecraft haunted the underworld of cult fiction until a second generation of readers brought him renewed popularity and, at last, a cautious veneration that is underscored by these two recent celebratory volumes.

"Tales of H.P. Lovecraft," selected and introduced by Joyce Carol Oates, presents 10 stories otherwise available in paperback and Arkham House hardcover. The choices are not surprising: Lovecraft's canon is small and incestuous, and the short list is virtually inevitable. The significance here is Oates's imprimatur, and her welcome insights place Lovecraft firmly within an American Gothic tradition, using "gothic" in an honest analytical sense and not as mere sugar to make the bad medicine of horror go down. The collection is a fine starting point for newcomers and doubting academics.

"The Annotated H.P. Lovecraft" is edited and introduced by the pre-eminent Lovecraft scholar, S.T. Joshi. Joshi is genuinely obsessed with Lovecraft's life and work, and his formidable apologetics suffers only from the heat of its detail. His book offers an informative prelude and four well-known stories: "The Rats in the Walls," "The Color Out of Space," "The Dunwich Horror," and Lovecraft's masterpiece, "At the Mountains of Madness."

The fear that Lovecraft pursued, and celebrated, was intensely cerebral. Violence, bloodshed and death were mundane events that rarely concerned him; it was the dire prospect of knowledge that brought his characters to the brink of madness and beyond. Science was to be feared — out, as in most tales of terror, for its Promethean impulses, but for its "deadly light," which would reveal our true and quite trivial place in the scheme of things.

His fear, like his fiction, is ours.

Douglas E. Winter, a Washington lawyer, writes frequently about horror fiction and film. He wrote this for The Washington Post.

BRIDGE

By Alan Truscott

HAMMAMET, Tunisia

The world team bridge championships ended Saturday with the presentation of trophies. France, represented by Paul Chemla, Michel Perron, Frank Multon, Alain Levy, Hervé Mouiel and Christian Mari, won the Bermuda Bowl for Open Teams. In the final, they played brilliantly in winning by 27 imps against the United States squad led by Nick Nickell. Norway won the bronze medals.

The Venice Cup for Women's Teams was won by an American team: Mildred Breed, Tobi Sokolow, Lisa Berkowitz, Marjess Letizia, Randi Montin and Jill Meyers.

In their final, they defeated China by 60. The bronze medals were won by another American team, headed by Kathie Wel-Sender.

The Transnational Open Teams attracted an entry of 74 teams and was won by Leandro Burgay, Dano de Falco and Carlo Mariani of Italy, and Marcin Lesniowski and Krzysztof Marzens of Poland.

Opening leads were crucial on many deals, including the following one. The bidding by Bob Wolff and Bob Hamman, North and South respectively for the Nickell team, was not as natural as it appears. The two-club response was not clubs, for the partnership was using the Drury convention. It indicated a strong raise in hearts, not far

short of an opening bid. Mouiel for France was inspired to lead a club, which prepared for a ruff that could not be prevented. There was nothing Hamman could do, and he chose to lead the ace and another trump. West won, cashed the diamond ace and shifted to a spade. The defense was now sure to score a spade trick before South could maneuver a discard on the diamond king.

In the replay, shown in the diagram, the auction was similar, with the Drury convention again in use. But this time the lead was a spade, and Levy, the declarer, was able to win with the ace and run the heart six. West won with the king, cashed the diamond ace and led a spade to his partner's king. That was the end of the

defense. East's club shift was woe in dummy and a heart finesse disposed of the king. France gained 12 imps.

NORTH (O)			
♠ A J	♥ K Q J	♦ Q 2	♣ K 10 7 4 2
WEST			
♠ Q 9 8 3	♥ K 10 7 2	♦ Q 10 5	♣ J 10 8 4
♠ A 9 5 3	♥ A Q 8	♦ J 10 8 4	♣ J 10 8 4
SOUTH			
♠ 5 4	♥ A 7 8 3	♦ A Q 5	♣ K 10 7 4 2
♠ A 7 8 3	♥ A Q 5	♦ A Q 5	♣ K 10 7 4 2
♠ A Q 5	♥ A Q 5	♦ A Q 5	♣ K 10 7 4 2
Both sides were vulnerable. The bidding:			
North	East	South	West
Pass	Pass	1 ♣	Pass
2 ♣	Pass	2 ♠	Pass
3 ♣	Pass	4 ♠	Pass
Pass	Pass	5 ♠	Pass
West led the spade three.			

MOVIE GUIDE

RED CORNER

Directed by Jon Avnet. U.S.

The war with China continues. I refer to Richard Gere's running battle with the political death star that has overrun the Buddhists of Tibet, the progressive students of Tiananmen Square and other dissidents. "Red Corner," in which Gere plays an American businessman wrongly imprisoned by Beijing authorities, is a gloves-off bash at Chinese intractability and totalitarianism. Jack Moore (Gere) is on the verge of signing the biggest telecommunications deal ever made between a Western company and the Chinese government. He goes to a bar to celebrate. A beautiful woman catches his eye. He takes her back to his place. They have a wild, passionate night. He wakes up, he's covered in blood and Chinese cops are shouting at him. There might as well be a banner credit across the screen that says "SET UP!" Accused of murdering his one-time lover, Moore finds himself imprisoned in a country with a conviction rate of 99 percent and which — to add insult to injury — will charge his family the cost of the bullet that will kill him. Moore is also forced to accept the services of a court-appointed defense lawyer. Faced with certain death, on nights, horrible jail conditions and limited visitation with his lawyer, Moore begins the long and painful process of scratching his way back to freedom and life. That means uncovering a conspiracy and getting a government court to accept it as grounds for acquittal. In real life, this guy's dead already. In "Red Corner," he has a bow can I put this? — a fighting chance. Gere makes a believable victim-hero, a red-blooded American who learns to fight for freedom in the starkest of spots. But if it's appealing to many politically, it's also dramatically thin. If movies such as "Red Corner" are to direct our attention to injustice, they need to up-

grade the dramatic level. Ultimately, a timeless, originally constructed film about state-level injustice — that just happens to be about China — would have been the most lasting statement of all. (Desson Howe, WP)

CRITICAL CARE

Directed by Sidney Lumet. U.S.

Meet Dr. Butz, the natty, Scotch-swilling chief resident at a major metropolitan hospital. Played with a gruff avuncularity by a gray-haired, almost unrecognizable Albert Brooks in "Critical Care," Sidney Lumet's bracingly funny satire of the medical establishment, Butz is the smug, genial personification of modern medical greed, incompetence and amorality. Suffering from chronic short-term memory loss because of his drinking, Butz doesn't recall summoning Dr. Werner Ernst (James Spader), a talented second-year resident, into his office, but once the young physician has plopped himself down, Butz turns him into a captive audience for his creepy Darwinian screeds. Even when Werner is desperately needed in the hospital's intensive care unit, Butz won't let him go until he has made sure the patient in need of care is fully insured. Butz is one of many amusingly creepy medical caricatures who inhabit this high-pitched social satire, whose scathing humor recalls "Network," the director's bristling assault on television. Werner, who absorbs these grimly funny lessons, evolves into the film's unlikely moral center. But not content simply to satirize the American health care system, "Critical Care" recklessly stumbles from social criticism into the spiritual realm by having comic agents from heaven and hell appear at the bedside of the dying. "Critical Care," like "Network," is an extremely talky movie that goes all over the place but takes a giddy pride in its verbosity. Lumet, who stumbled badly with his last film, the miscast, overacted "Night Falls on Man-

hattan," has regained his footing with "Critical Care." Most of the performance are juicy and intelligent. "Critical Care" should probably be avoided by anyone who is about to go to a hospital or who has recently been discharged from one. (Stephen Holden, NYT)

VIVE LA REPUBLIQUE!

Directed by Eric Rochant. France.

A bunch of jobless strays — a single father, divorced mother, communist militant — decide to make their own political party without any real platform or ideology. The result is a sort of lonely hearts club, with lots of loose philosophizing, and bunter: One woman simultaneously beds a Jew and an Arab, which makes her feel, she says, like the Holy Land. This joshing with racism and social issues is meant to keep the vehicle afloat, but what exactly is being conveyed here? Apart from the actors — Hippolyte Girardot, Atmen Kelif, Gad Elmaleh, Roschdy Zem — who do wonders with a thin script, there is no basic direction in the driver's seat. Coline Serreau made sharp social comedy in "Trois hommes et un couffin" and "La crise" because she came from a political age and point of view, with things to say about sexual and social differences. Rochant, who started his career with "Un monde sans pitié," seems still to be wandering in the 80s, with his heart in the right place, but without focus. You never grasp what these characters are after in their endless reunions that look like an ad for the United Colors of Benetton. Or why the women, played by Aure Atika, the Holy Land heroine, Florence Pernel, an ex-communist who has lost nothing of her rigidity, and Mathilde Seigner, who describes herself as an "idiot," take secondary roles to feckless men. Without edge or destination, the comedy runs in circles, aimless, and finally, frustrating. (Joan Dupont, IHT)

ARTS GUIDE

AUSTRIA

VIENNA
Jewish Museum, tel: (1) 535-0431, closed Saturdays. To Jan. 18: "Max Lieberman, 1847-1935." Documents the German painter and etcher's output between 1900 and 1914, when Lieberman focused on scenes from the bourgeoisie. The exhibition also features a selection of the artist's collection of Impressionist paintings shown together for the first time since they were confiscated by the Nazis.

BRITAIN

LONDON
National Gallery, tel: (171) 747-2885, open daily. To Feb. 1: "Mak-ing and Meaning: Holbein's Ambassadors." The exhibition explores the personal and political background to the commissioning of this picture of two French representatives at the court of Henry VIII by the 16th-century German artist. Also on display are manuscripts, prints and astronomical instruments.
Tate Gallery, tel: (171) 887-8000, open daily. Continuing To Jan. 4: "The Age of Rossetti, Burne-Jones and Watts: Symbolism in Britain, 1860-1910." Works by the British artists and their European contemporaries.

DENMARK

COPENHAGEN
Ordrupgaard Museum, tel: 39-64-11-93, closed Mondays. To Jan. 4: "Frida Kahlo." 20 paintings by the Mexican artist (1910-1954). Crippled by an accident, Kahlo, the wife of muralist Diego Rivera, used her suffering body as the main theme of her works.

FRANCE

MARSEILLE
Musée Cantini, tel: 04-91-54-77-75, closed Mondays. To Jan. 18: "Charles Camoin: Retrospective, 1879-1965." Paintings, pastels and drawings showing the French painter's contribution to the development of Fauvism, and his rejection of Cubism and abstraction. Landscapes, portraits and still lifes.

PARIS

Bibliothèque Nationale de France - Tolbiac, tel: 01-53-79-59-59, closed Mondays. To May 17: "L'Aventure des Ecritures." An initiation to the birth and development of writing: from cuneiform to Chinese ideograms, Arab calligraphy and modern letters.
Grand Palais, tel: 01-44-13-17-17, closed Tuesdays. Continuing To Jan. 26: "Georges de La Tour, 1633-1652." A survey of the French painter's works. Also features copies of paint-



Beckmann's "The Night" on exhibition in Dusseldorf.

ings by La Tour that have disappeared, Institut du Monde Arabe, tel: 01-40-51-38-38, closed Mondays. To Feb. 28: "Yemen: Au Pays de la Reine de Saba." An exploration into the history, culture and art of Yemen, dating back to 3,000 years B.C.

GERMANY

BERLIN
Deutsche Guggenheim, tel: (30) 3407-4134, open daily. To Jan. 4: "Visions of Paris: Robert Delaunay's Series." The exhibition focuses on views of the St. Severin church, the Eiffel tower and the roofs of Paris seen from the French artist's window. These multiple representations of a single subject reflect an Impressionist tendency while hinting at abstraction.

DUSSELDORF

Kunstsammlung Nordrhein-Westfalen, tel: (211) 6381-0, closed Mondays. To Nov. 30: "Max Beckmann: Die Nacht." Paintings, drawings and lithographs by the German painter, lithographer and woodcut artist (1894-1950). They are regrouped around "Die Nacht," a 1918-19 canvas that depicts the abduction, rape and murder of a family. The war years marked Beckmann's transition from Impressionism to Expressionism.

ITALY

VENICE
Palazzo Grassi, tel: (41) 522-1875, open daily. Continuing To Jan. 11: "Espressionismo Tedesco: Arte e Società, 1890-1935." Works by German Expressionists, including Beckmann, Grosz, Kokoschka, Kirchner and Pechstein.

EUROPEAN TOUR

Orchestre de Paris. Under Semyon Bychkov, the Orchestre de Paris performs in Poland (Warsaw, Nov. 12 and Poznan, Nov. 13) and Germany (Kassel, Nov. 17; Hamburg, Nov. 18; Frankfurt, Nov. 20; Freiburg, Nov. 21; Munich, Nov. 22 and Stuttgart, Nov. 23). Leon Fleisher, piano, and Viktoria Mullova, violin, are the soloists. The program includes works by Beethoven, Ravel, Mendelssohn, Shostakovich, Schnittke and Strauss.

CLOSING SOON

Nov. 9: "Picasso." Scottish National Gallery of Modern Art, Edinburgh.
Nov. 9: "Whistler en Hollande." Rijksmuseum, Amsterdam.
Nov. 12: "Allons Mucha, l'Esprit de l'Art Nouveau." Hotel de Ville, Brussels.

OPERA SEASON

A sampling of the productions for the 1997-98 season at some of the world's major opera houses.

ANTWERP AND GENT

De Vlaamse Opera, tel: (32-3) 233-65-85 (Antwerp) and (32-3) 225-24-25 (Ghent). Alternating performances in both cities, De Vlaamse Opera features new productions of "La Cenerentola" of Titto and "Rigoletto." Co-productions with other European houses include "Tristan und Isolde" as well as Handel's "Semele" and Massenet's "Cendrillon," both directed by Robert Carsen and conducted by Marc Minkowski. The season concludes with "Turandot."

BONN

Oper Bonn, tel: (49-228) 77-36-66. "Das Rheingold" has Max Willges as Wotan and Hans-Georg Moser as Fafner. "La Nozze di Figaro," "Madama Butterfly," with Leona Mitchell and Yoko Vatanabe alternating in the role of Cio-Cio-San. Bernstein's "West Side Story," conducted by Andreas Krieger, is conducted by Andreas Krieger. "The Flying Dutchman," conducted by Kurt Weil's "Mahagonny," conducted by Marcello Panni (June).

MUNICH

Bayerische Staatsoper, tel: (49-89) 21-85-19-20. New productions this season include "Elektra," conducted by Peter Schneider; "Die Fledermaus," conducted by Simone Young with Cheryl Studer; Michael Tippett's "The Midsummer Marriage," directed by Merik Elder. "Was ihr wollt" has been commissioned from Manfred Trojahn and Claus Hennesberg. Zubin Mehta conducts "Tristan und Isolde," with Waltraud Meier, Siegfried Jerusalem and Kurt Moll.

uberloote" and "Die Fledermaus."

SEVILLE

Teatro de la Manzanera, tel: (34-95) 422-6573. Werner Herzog directs a production of "Tannhauser" (November); Frederick Burchinal. Sylvie Velayre and Fernand Fur-lanetto appear in "Nabucco," conducted by Maurizio Arena (December). Performances of Rossini's "L'italienne in Algeri" and "Il Barbiere" are planned in February. Merck and April, and Alain Lombard conducts "Turandot" (May).

TURIN

Teatro Regio Torino, tel: (39-11) 548-000. Leonard Bernstein's "Candide" is conducted by John Mauser and directed by Robert Forster. Giuseppe Sabbatini and Nancy Gustafson sing the title roles in Gounod's "Roméo et Ju-

liette"; Mirella Freni and Ilia Gel-geni alternate in the role of Tatyana in "Eugene Onegin"; and Francoise Pollet sings the title role in Strauss's "Ariadne auf Naxos."

ZURICH

Opernhaus Zurich, tel: (41-1) 268-66-66. "Cosi Fan Tutte," "The Magic Flute" and "Carmen" are directed by Jean-Pierre Ponnelle; Schubert's "Alonso und Estrella" and Offenbach's "La Perle" are conducted by Nikolaus Harnoncourt; Verdi's "Emilia," conducted by Nello Santi with Nelli Shofit, Ruggiero Reimondi and Giorgio Zancanaro; Rafael Frubek de Burgos conducts Emmanouel Wolf-Ferrari's "Sly." The season ends with Puccini's "La Fenicia del West," directed by David Pountney, conducted by Riccardo Chailly, with Stephanie Friedle and Renato Bruson.

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AB - Australian Dollars; AS - Australian Dollar; BF - Belgian Franc; BG - Canadian Dollar; DL - Deutsche Mark; DM - Danish Krone; DO - US Dollar; EC - Euro; FR - French Franc; FI - Finnish Mark; FF - French Franc; GE - German Mark; GR - Greek Dracma; HK - Hong Kong Dollar; IN - Indian Rupee; IS - Israeli New Sheqel; JP - Japanese Yen; KR - South Korean Won; LG - Lithuanian Litas; LU - Luxembourg Franc; NL - Dutch Guilder; NZ - New Zealand Dollar; PT - Portuguese Escudo; SF - Swiss Franc; SG - Singapore Dollar; SH - South African Rand; SI - Slovenian Tolar; SK - Czech Koruna; SL - Slovak Koruna; ST - Thai Baht; T - Taiwan Dollar; TW - New Taiwan Dollar; UK - British Pound; US - US Dollar; Y - Yen			

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 French Francs; FIM - Finnish Mark; Ft. - Dutch
 Guilder; IRI - Indonesian Rupiah; L - Italian Lire;
 L.F. - Luxembourg Franc; M - Mexican Pesos;
 S - Singapore Dollars; SFR - Swiss Francs; S\$ -
 Singapore Dollars; THB - Thai Baht; Y - Yen.
 * asterisk - Other Prices U.S.A. - Not Available
 U.S.C. - Not Computed
 H.C. - H.C. Stock Index
 Ex-Ex - Other Price Ind. 3%
 Price Markings - American exchange, a
 surface, spot registered with
 regulatory authority. P. Middle of bid and offer
 price. E. national price. S. settlement
 days prior to publication; S. bid price.

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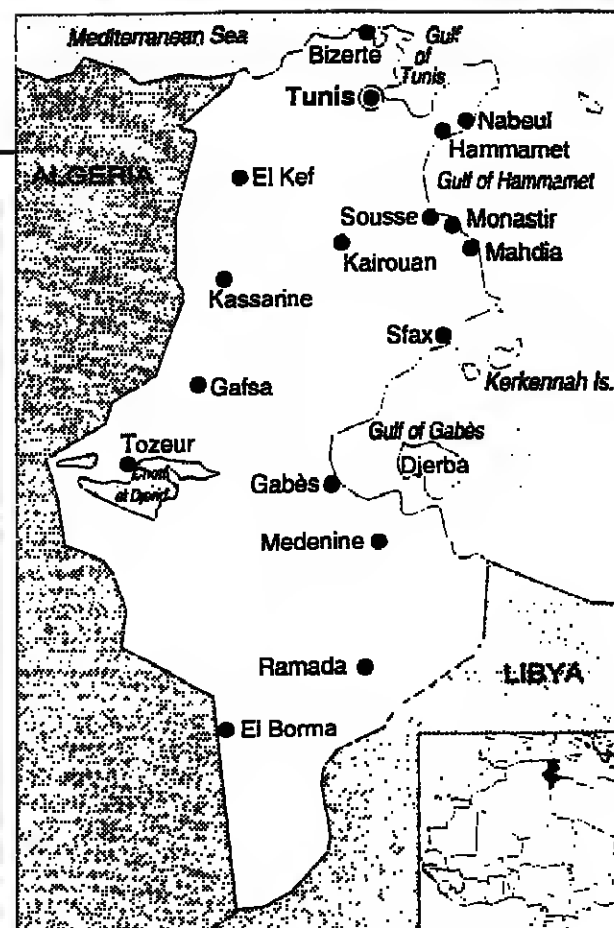
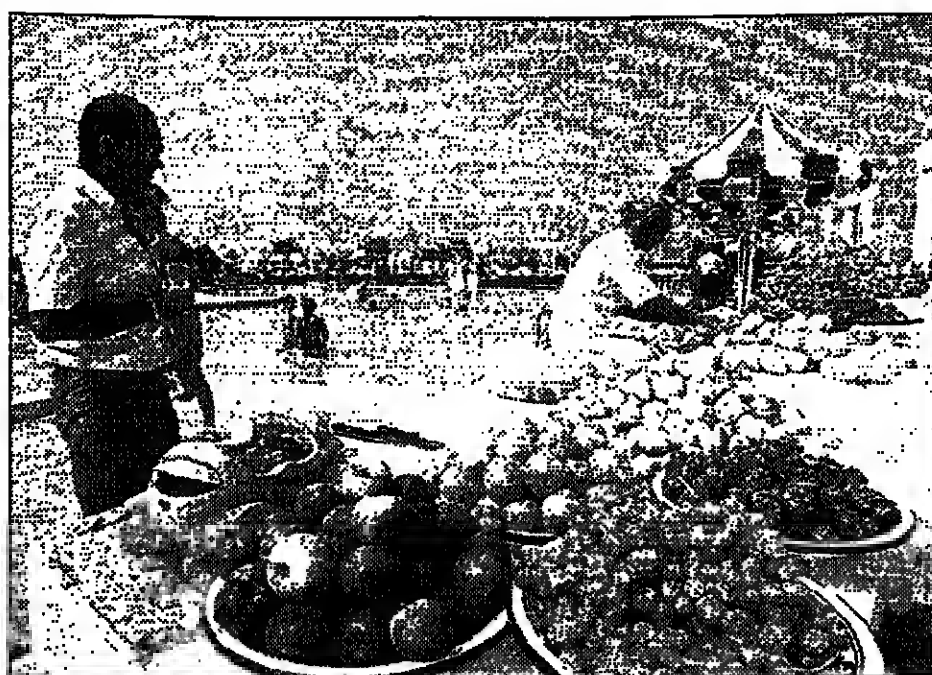
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٥٥١ من الأصل

TUNISIA

This Mediterranean nation has become increasingly a land of plenty as economic reforms initiated by the Ben Ali presidency move Tunisia into a more prosperous and high-tech future. Clockwise from top left: a Djerba resort, consulting Tunisia's home pages, equal opportunity in the classroom and the City of Sciences.



MARKETPLACE MOVES TOWARD LIBERALIZATION

The government's fiscal policies aim to encourage competition and lower trade barriers.

Just over a decade ago, the Tunisian economy was almost completely based on government control of companies and business. That monopolistic trend began with independence in 1956, when state-run, highly bureaucratic and protectionist programs dominated the economy. It was able to continue primarily due to revenues provided by oil and gas exports.

Since the collapse of oil prices in 1986 and a change of government in 1987, however, the government's choice to create an economy based on market principles has gained the support of the International Monetary Fund, the World Bank, the European Union and other international forums.

The Ben Ali government has utilized common but effective measures to liberalize its markets. These have included structural policies

of less than 2-4 percent of the GDP. It calls for greater economic liberalization, reform of the financial and fiscal systems, promotion of the private sector and the continued modernization of 2,000 industrial companies. It also aims for growth in exports, productivity, and foreign and domestic investment. The plan will involve foreign investments of almost \$10 billion, including more than \$4 billion in commercial credits.

The country has obtained a solid international reputation because of its responsible fiscal policy. The central government deficit has averaged about 3 percent of GDP during the past six years, and the government expects to reduce the deficit in the future by limiting expenditure growth.

Tunisia has little trouble finding funding because of its reputation in international

BUILDING SOLIDLY FOR THE FUTURE

The last decade has seen economic growth and social evolution under President Ben Ali.

It was 10 years ago today that President Zine El Abidine Ben Ali began leading this Arab nation of 9 million people in a liberal direction, which significantly transformed the entire spectrum of Tunisia's social, economic and political structure.

Elected to office in 1989 and again in 1994 after he took over from ailing national founding father Habib Bourguiba in 1987, Mr. Ben Ali has not only taken steps to bring Tunisia increasingly into the European economic sphere, but also to prepare it for the competitive global economic markets of tomorrow.

The president's programs have created economic

growth, reduced inflation and encouraged a free-market economy while elevating to national priorities health care, education, employment, regional development, women's rights and the eradication of poverty.

Ongoing transition It is certainly not the first transition since the country gained independence in 1956, when Mr. Bourguiba became Tunisia's first president.

"Tunisia has successfully and peacefully surmounted a number of changes during the past 40 years without bloodshed or economic collapse," says Faouzi Bel Kahia, president of the Banque de Tunisie, who has been active as a government

minister and business executive during the past 25 years. "We have witnessed collective socialism in the 1960s, an overnight switch to a capitalist economy in the '70s, the peaceful change-over from the country's first president in the '80s and a radical economic program married to social progress in the '90s."

The country, sandwiched between Libya and Algeria on the Mediterranean Sea, is one of the most Westernized and progressive in North Africa. Seventy percent of the population is considered middle class, over 80 percent of the population own their own homes and the number of people living in poverty has declined from 13 percent

in 1980 to 6 percent today. Its social services are among the best in the region.

"Human rights, social services and personal dignity are not just slogans in contemporary Tunisia," says Minister of Finance Mohammed Jeri. "They affect everyone, from working women in the capital to the unemployed in remote villages. And they go hand in hand with our economic progress."

Mr. Ben Ali's broad powers — which allow him to appoint the prime minister, the chiefs of the armed forces and the cabinet, which he reshuffled last month — and popular mandate have enabled him to proceed with little opposi-

TUNISIA IN FIGURES

POPULATION	9 million
POPULATION GROWTH RATE	1.6 percent
PER CAPITA INCOME	2,070 dinars
ECONOMIC GROWTH	6.9 percent (1996)
AVERAGE ECONOMIC GROWTH, 1987-96	4.5 percent

tion. In fact, his Constitutional Democratic Rally party won 144 of 163 parliamentary seats in 1994, with the remainder shared by four opposition parties.

Electoral reforms have been announced to enable the opposition to gain more seats in both parliamentary and local elections. Though the president faces virtually no

effective political opposition, he must still confront a number of social and economic challenges.

These include increased awareness of human rights, job creation for younger workers and the retraining of the workforce to cope with the modernization and internationalization of the economy.

HISTORICAL INFLUENCES, CONTEMPORARY TIES

The remains of the great city-state of Carthage, founded by Queen Dido in 814 BC and today one of Tunisia's most visited historical tourist attractions, are more than just the vestiges of a bygone civilization along the Mediterranean Sea. The archaeological promenade visitors take here today also symbolizes the manner in which Tunisians have long interacted with other cultures and peoples.

When Carthage fell in the second century BC, the Romans began ruling this part of the Mediterranean. Later, they were replaced by Vandals, Byzantines and Turks, whose Ottoman beys governed Tunisia in the 16th century, when it became the first Arab country with a constitution.

One of the most momentous events in Tunisian history was the introduction of Islam in the seventh century when Carthage was captured by Hassan Ibn Noomane. The city of Kairouan became the center of religious life and the site of one of Islam's most ancient and holiest mosques.

The foreign influences, including the expansion of Islam and the construction of the

Zitouna Mosque in Tunis in the eighth and ninth centuries, continued when France declared the country a protectorate in 1881 and ended only when the country gained independence on March 20, 1956. It was proclaimed a republic a year later.

The import and impact of these external relationships is often celebrated today. This year, for example, Tunisia is observing the 200th year of its diplomatic relationship with the United States, which began when the two countries signed a treaty in August 1797. "U.S.-Tunisian ties continue to flourish under the leadership of President Ben Ali," said U.S. Secretary of State Madeleine Albright during an observance of the bicentennial in Washington last month. "Our militaries work closely together to preserve and promote regional stability in a very dangerous neighborhood, and U.S. businesses seek opportunities for investment in the Tunisian market."

One of the numerous Tunisian Web sites on the Internet is "Tunisia and the United States: 200 Years of Diplomatic Relations" (www.tunisiaonline.com/bicentennial). •

INDUSTRY SHIFTS GEARS

A modernization program will make companies more competitive.

In late 1995, the government launched a program to promote industrial modernization and increase the competitiveness of Tunisian companies as they prepare to meet the challenge of free trade with Europe. The cost of the program was estimated at \$2.5 billion.

The program, known as *mise a niveau de l'industrie*, or "bringing industry up to speed," will affect about 2,000 manufacturing companies between 1997 and 2001.

The overall approach is to improve productivity, product quality and marketing through better management. Companies have also commissioned consultants to draw up plans to modernize their management, technology and financial structure.

Twenty percent of the investment is being supplied by a special fund created by the state through the contributions of specific industries, with the remainder provided by the affected companies.

"We have sufficient time to modernize virtually every company in the country," says Minister of Industry Ben Abdallah, noting that \$430 million has been spent on the

program during the past 18 months. "The ultimate challenge will be to improve the quality of products and form numerous international partnerships."

Support from the World Bank

The World Bank reiterated its support for the Tunisian development program in Hong Kong last September in talks with Minister of International Cooperation and Foreign Investment Mohamed Ghannouchi. He was told the bank would continue financing projects and programs aimed at improving the economy's competitiveness by backing reforms, reinforcing infrastructure and developing human resources.

The gradual decline of import tariffs, which have been a key source of revenue, will test the success of the program.

In addition, the government will be challenged to maintain social programs — including the development of personnel to promote health care, education and training — which will require 62 percent of the total management expenditures of the 1998 budget. •



President Zine El Abidine Ben Ali.

aimed at increasing competition by lowering trade barriers, reducing investment restrictions, deregulating prices, eliminating subsidies and lowering taxes. There has also been an ongoing restructuring of public enterprises and financial sectors.

Steady growth

A growth rate of 4 percent during the period 1991-95 underlined the success of the movement toward an open and free market. Real gross domestic product growth, which reached 6.9 percent in 1996, is predicted to be in the 5 percent to 6 percent range this year, with current growth estimates of 4.3 percent in agriculture, 6.9 percent in manufacturing, 4.6 percent in nonmanufacturing industry and 7 percent in services. Inflation has declined from 10 percent in the early 1980s to about 4 percent.

The ambitious ninth national plan, which runs from 1997 to 2001, forecasts an average 6 percent annual growth rate, inflation of 4.1 percent and a budget deficit

financial circles, where it was given a BBB-rating by Standard & Poor's and a BAA3 by Moody's Investors Service.

Bond issue

In September, the Central Bank of Tunisia issued \$400 million in bonds and notes in two parts. The sale of the 30-year and 10-year debt was managed by Merrill Lynch & Co. with Goldman Sachs & Co. and Morgan Stanley Dean Witter.

"Tunisia has taken a conservative approach to its external borrowing, with the explicit goal of lowering external debt as a percent of GDP and exports," said a Merrill Lynch report on the country. "Based on the three main external debt indicators, Tunisia compares favorably to its regional neighbors as well as other low investment grade or split rated emerging market economies.... The Republic has never rescheduled external debt, and we believe this is highly unlikely to occur over the near to medium term." •

A FEW REMARKS ON THE STATE OF THE NATION

Mohamed Ghannouchi, the minister of international cooperation and foreign investment, has been an active force in the Ben Ali government during the past 10 years. Here he discusses various aspects of the country's political and economic evolution.



Minister of International Cooperation and Foreign Investment Mohamed Ghannouchi.

What has been the impact of Tunisia's economic and social change during the past decade?

The partial opening up of Tunisia has been extremely positive from an economic standpoint. The rates of growth and productivity have increased, exports have progressed, debt has declined, there's a thriving tourism business and the economy is on a steady course. The economic dynamism has also led to important social advances, which have put the entire country on a prosperous path and created a middle class that includes 70 percent of the nation. We realize that to maintain this progress, we must continue to open our markets and liberalize even further. Various accords, like the agreement with the European Union in 1995, will enable us to do this.

You sometimes face criticism from outsiders regarding some of your political positions.

We have opted, as a nation, for a model of society that is tolerant, open and oriented toward progress. We promote political pluralism, but we do not want to put our overall economic and democratic direction into question. We also prefer a gradual and evolutionary approach to radical change.

Even though some critics contend your economic reforms are not moving quickly enough?

There are frequent criticisms concerning our approach. Some think it too slow, some think it too risky. We have decided to move progressively rather than opt for solutions that may be disruptive. This enables us to adapt and manage social change in a

relatively painless manner. We believe in a consensus approach that requires frequent debate but then results in substantial public support. It has worked in fiscal, educational and financial spheres, and now it is governing our global economic approach. Even though we want to be economically competitive, we are more concerned about the social, environmental and cultural aspects of our choices. However, the speed of change has been considerable during the past decade compared to many other countries in this part of the world.

What can you say about the pace at which you are privatizing public companies and liberalizing the economy?

Privatization and economic liber-

alization cannot be introduced overnight, but at this stage they are an irreversible process. We can afford to go relatively slowly because of the health of our economy. This calm and progressive approach has enabled us to attract foreign investment and achieve popular backing for privatization.

Privatization will be accelerated when larger companies, like the cement firms, are sold to the private sector in the near future.

What impact have your economic measures had on foreign investment?

The role of foreign firms will continue to increase through participation in the privatization effort, where we are looking for associations with strong industrial groups and in direct investment. •

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TUNISIA

STEERING A COURSE THROUGH PRIVATIZATION

In privatizing industry, Tunisia's objective is to improve corporate performance and create more dynamic financial markets.

"We welcome privatization, because it will put all Tunisian companies on an equal footing and help make us all become more competitive through joint ventures with foreign partners," says Hedi Djilani, president of the Tunisian Association of Industrialists and Traders.

The Tunisian approach to privatization was given a boost when the government reached a \$130 million agreement with the World Bank to support a program engineered to obtain fair value for state companies without radically disrupting their level of employment.

Closely watched area

Privatization, being watched closely by foreign observers measuring Tunisia's efforts to open the economy, has proceeded more slowly than some reforms. The World Bank and International Monetary Fund recently urged the government to step up the pace.

"Gradualism characterizes Tunisia's approach to most economic and social issues," say one longtime foreign diplomat in Tunis. "But while the Tunisians go at their own pace, they usually accomplish their goals, and privatization is a government priority."

Today, some 40 percent of GDP comes from the public sector, and "the

state's role in the economy has diminished relatively little in the past 10 years," according to Moody's Investors Service. Through 1996, some 85 companies producing marketable goods and services in the transport, food processing and tourism sectors have been privatized or opened to outside capital.

"The privatization process is on a chartered course, and companies with 28,000 employees, or 18 percent of the public workforce, were privatized through 1996," says Mohamed Ghannouchi, the minister of international cooperation and foreign investment.

The main economic sectors affected by the move toward privatization to date are tourism and transport. Although most sales have involved small and medium-sized companies, 20 percent of Tunis Air, the currently profitable national airline, was sold. Total receipts from the sales to date, however, have totaled only about \$350 million.

But government officials contend that more than \$1.4 billion in assets will be sold over the next five years in sectors ranging from cement factories to chemicals, transport and tourism businesses, including the sale of the state-owned Hilton and Meridien-Africa hotels in Tunis. This year, the government hopes to privatize 62 companies, compared with 32 in 1996 and 15 in 1995. ●

DEVELOPING AN INTERNATIONAL BANKING SECTOR

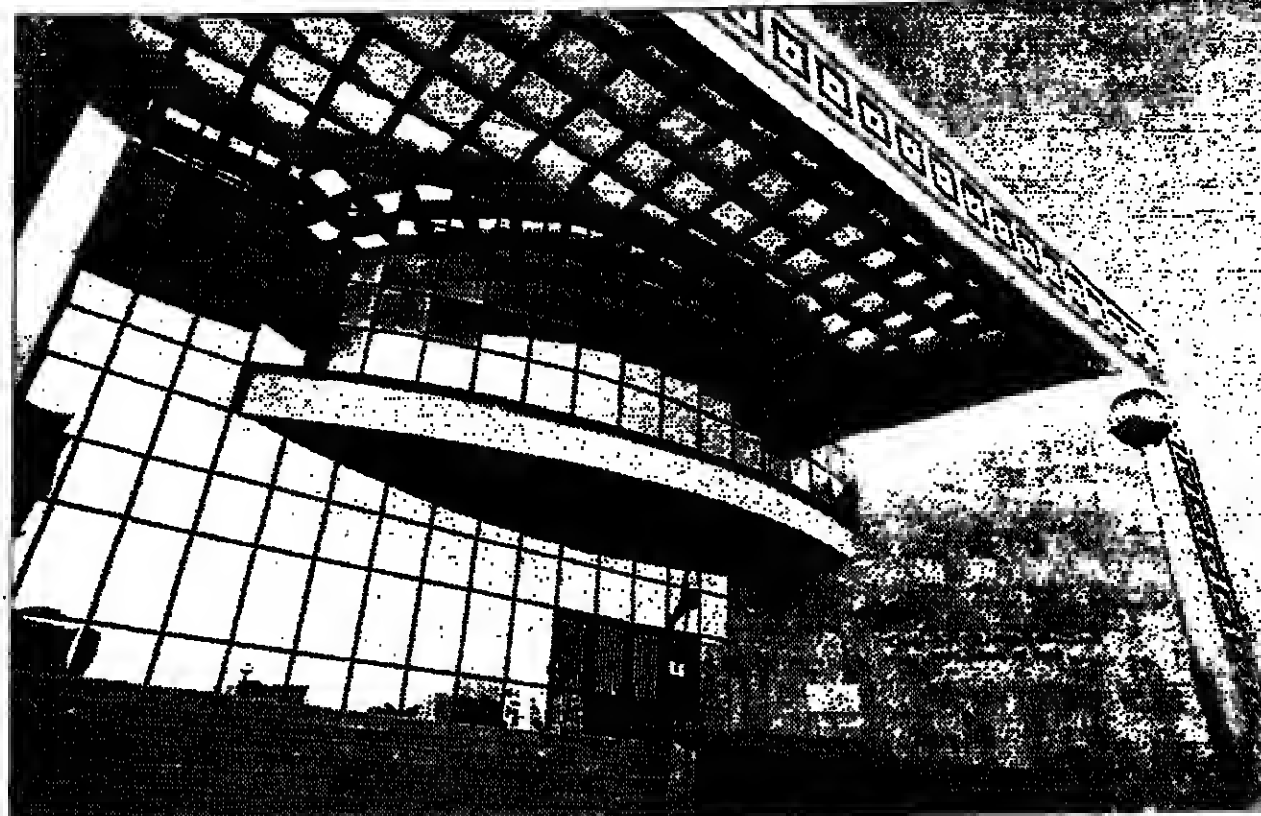
New regulations are enabling Tunisia to bring its financial sector into line with global norms.

Recently built bank headquarters dominate the wide avenues in downtown Tunis. The building housing the Central Bank of Tunisia is one of the most attractive structures in the capital, while a new Amen Bank headquarters is rising on Avenue Mohammed V, near the headquarters of Banque Nationale Agricole and Société Tunisienne de Banque.

Tunisia is making an effort to bring its banks — which include deposit, investment and offshore banks with nearly 750 offices or branches throughout the country — into line with international norms by passing legislation intended to promote competition and improve efficiency.

The laws have enabled the country's banks to assume commercial, development and offshore functions while simultaneously introducing tight standards, such as setting aside at least 50 percent of profits to cover bad debts.

In addition, the Central Bank of Tunisia has shifted its focus from active management of the financial sector to a supervisory and regulatory role. It has maintained tight control over



The gleaming new headquarters of the Central Bank of Tunisia, which is shifting to a regulatory role.

liquidity in the banking system, which has kept inflation low.

Preparing for competition
These efforts are necessary because foreign banks will be

able to operate in the country in three years due to agreements with both the European Union and the World Trade Organization.

A study by Moody's Investors Service called

"Banking System Outlook: Tunisia" published earlier this year stated that "the banking system still has some way to go in building up appropriate levels of capital and provisions, but in both respects the banking system is much sounder than it was a few years ago."

About two-thirds of the banking sector — as well as two of the four largest banks — is still under state control. The government says it will soon privatize some concerns, however.

"Our hope is to privatize two public banks, Banque du Sud and Union Internationale de Banques, and create an even division between public and private institutions in the near term," explains Mohamed Ghannouchi, the minister of international cooperation and foreign investment. "There will be a competitive environment, and public banks will be competing under the

same rules as their private counterparts."

Most bankers welcome the change. "The banking sector will be in only a cradle shape until the government accepts that there should be more privatization," says Faouzi Bel Kahia, president of the Banque de Tunisie. "Otherwise, I'm not sure how well we will be able to compete and support economic growth in the future. Personally, I want foreign partners on my board who will pull me toward the international marketplace."

Private banks are obviously attempting to encourage more international participation. Five European banks hold one-third of the capital of the Banque de Tunisie, and two other banks — Amen Bank and the Banque Internationale Arabe de Tunisie — are expected to start trading global depository receipts on the London Stock Exchange this month. ●

[Tunisia]

the Future is here today

EUROPEAN FIRMS LEAD INVESTMENT

The country's strategic location attracts investors.

The presence of more than 1,700 foreign companies with direct investments or joint ventures in Tunisia is immediately evident during a drive into town from the Tunis Carthage airport, which passes offices of companies like Nokia, Bull and Citibank.

Beyond these obvious signs, there are a number of major projects under way involving foreign companies. France's Alcatel won a \$20 million contract to construct the first GSM mobile telephone network; Hyundai Construction is building a \$141 million stadium; Spanish hotel companies are increasing their presence in the tourism sector; and Community Energy Alternative of the United States will build, own and operate a power plant near Tunis. International contractors have been invited to bid for the construction of two dams and take stakes in the country's soon-to-be-privatized cement companies.

Site and situation

Foreign companies are attracted to Tunisia because of its strategic proximity to Europe, Africa and the Middle East, as well as an investment policy that not only offers tax and customs concessions to foreign investors but also facilitates project approval. "We certainly have a very open and productive business relationship with the Tunisian government," says Cameron Crawford, operations manager of British Gas, the largest foreign investor in the country.

The government hopes to attract about \$450 million in annual foreign investment, almost half of it in energy-related projects, to maintain growth and boost employment.

"Foreign investment outside the energy sector should increase from an average of \$100 million a year to an average of \$250 million a year during the next five years," predicts Mohamed Ghannouchi, the minister of international cooperation and foreign investment. "We want to attract companies that transfer technology and create exports. We definitely see growth due to our increasing integration with Europe."

There is no lack of interest. A business forum organized by the European Commission in September attracted 350 potential European investors and 350 Tunisian companies. Medpartenariat, as the event was called, is one of the initiatives developed by the European Union to stimulate cooperation between small and medium-sized businesses in Mediterranean partner countries and the EU.

"Within the next 10 years, I foresee Tunisia becoming one of our major competitors," says Pierre Atard, a senior consultant for a shipping and management consultancy business in Malta, who attended Medpartenariat. "It is centrally located at an important supplier and transshipping point to the European, African and Middle East markets."

Europe — which purchases 80 percent of exports, including crude oil, minerals, manufacturing and agricultural products — is by far Tunisia's major trading partner, with France (25.7 percent), Italy (20.1 percent), Germany (15.6 percent) and Belgium (7.1 percent) its most important customers.

French investments total more than \$500 million, and the Tunisia employers' organization signed an agreement to promote German investment and joint ventures this year.

"The European economic bloc shows increasing signs of expanding its market in our direction to take advantage of our low wages, monetary stability, social safety net and political continuity," says Faouzi Bel Kahia, president of the Banque de Tunisie. ●

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TUNISIA

AN ACTIVE ROLE FOR WOMEN IN TUNISIAN SOCIETY

The role of women in Tunisian society is remarkable in the region.

Legislation was passed in Tunisia beginning in 1956 to promote the principle of legal equality between men and women in both the workplace and the family. Indeed, President Ben Ali has frequently repeated that women's rights are an integral part of human rights.

"Human rights cannot thrive in a society where the status of women is inferior to that of men," says the president, who passed additional legislation pertaining to equality between men and women in 1992. "Women's gains must be strengthened, their potential fully tapped, or we will have failed in our attempt to achieve overall effective change."

Key government positions

Women now occupy key positions in the government, including posts as ambassadors in Oslo and Warsaw. The Secretariat of State for Women and the Family, created in 1992, is a full-fledged ministry that develops government policy in the field.

Today, there are women in every walk of Tunisian life—from the Chamber of Deputies (6.7 percent) to municipal councils (16 percent), and education (50 percent). The percentage of women in the working population has risen from 6 percent in 1966 to 23 percent in 1994.

Other tangible results can be seen in the area of education. Almost 99 percent of young girls are now enrolled in elementary school, and the number of women attending institutes of higher education increased to 43.7 percent in 1995-96, from 25.8 percent in 1975-76.

There are also a number of women's rights organizations, like the National Union of Tunisian Women, which was created in 1956 and has 120,000 members. It works to promote advancement in all sectors, apprise women of their rights, eliminate all forms of discrimination and set up development strategies that consider the integration of women as a main component.

"Our major challenge today is to create complete economic independence for women in the workplace,"

says Faiza Kefi, the union's president since 1992. "Salaries for men and women doing the same job are, by law, equal, but women must be able to get higher qualifications and move away from jobs in traditional female sectors, like textiles and services."

Evolving mindsets

Ms. Kefi, to illustrate the status of Tunisian women, discusses their liberation in terms of past customs. "It has been 40 years since a man could separate from his wife by saying 'I divorce you' three times, and it has long been illegal to arrange a marriage without a woman's consent," she says. "But it is still very difficult to convince many families to let their daughters leave home to attend university in another town."

The years of the Ben Ali presidency have, she says, helped the women's movement, especially regarding legislation to protect women in the workplace. "The president has continued opening doors in every area and gone far beyond symbolic gestures," she says.



Reforms of the educational system have led to a rise in the rate of school enrollment.

EDUCATION FOR THE MODERN WORLD

Twenty percent of the annual national budget goes to education, where reforms are bearing fruit.

Education was made universally available in Tunisia during the first years of independence, and schooling has been mandatory since 1991. "Education is our means of combating some of the negative vestiges of the past and maintaining our pace as players in the modern world," says Minister of Education Ridha Ferchichi, who has a Ph.D. from Michigan State University. "The progress we have made parallels and complements the movement in the economic and social spheres."

Languages and literacy

One of the priorities in the last national plan was the creation of basic instruction throughout the educational system, which is free for all children of school age. In addition, the 200,000 students who enter the school system each year

are now required to take six years of English and 11 of French. Tunisia has also launched a national program to eradicate illiteracy in the 15-to-45-year age group by 2006.

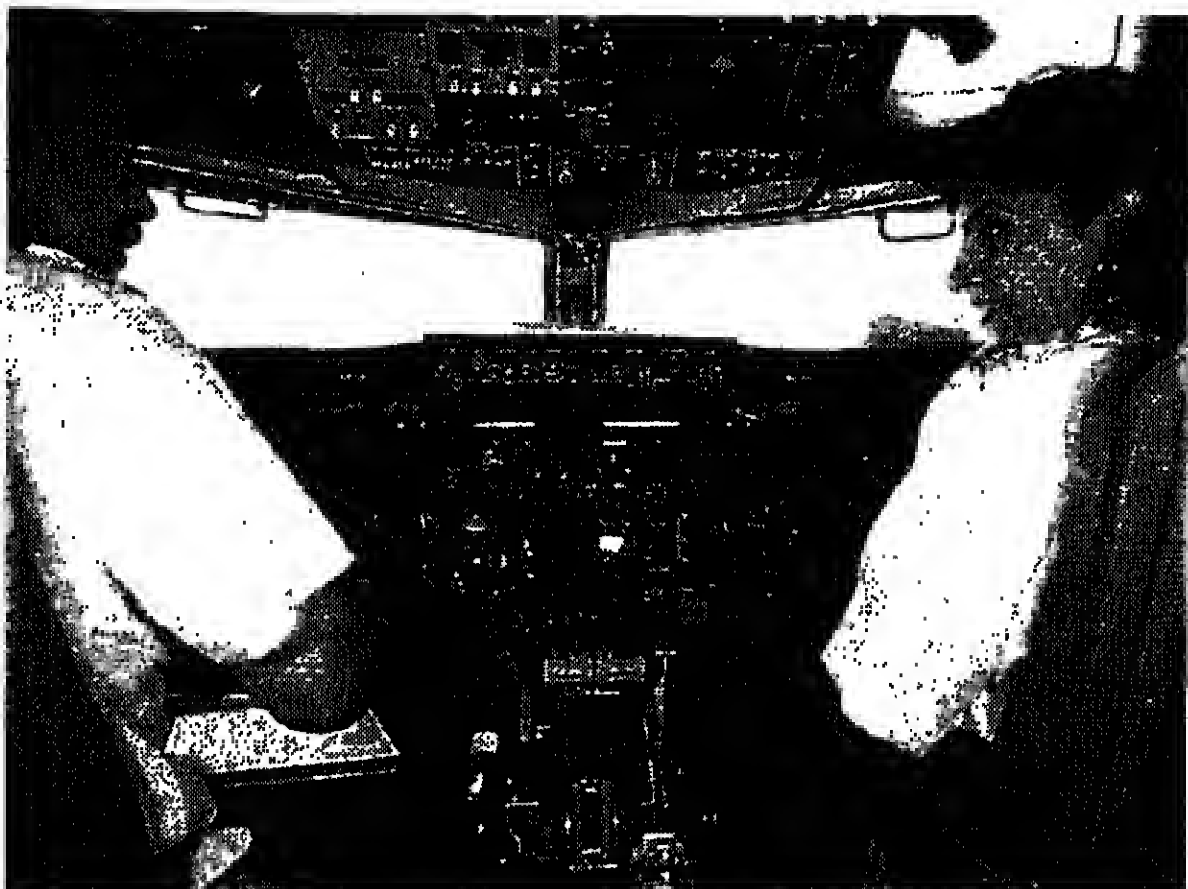
Today, university is attended by 12.8 percent of young people between the ages of 20 and 24, and the figure is expected to rise to 15 percent by 2001. The country's universities—four in Tunis, one in Sousse and one in Sfax—now have 120,000 students, and two new universities will be created in Jendouba and Gafsa.

"Universities were first created here in the 1960s," recalls Mr. Ferchichi. "But the real changes occurred in 1988, when the education system, still in the same shape as it was 30 years earlier, was completely reorganized, restructured and modernized."

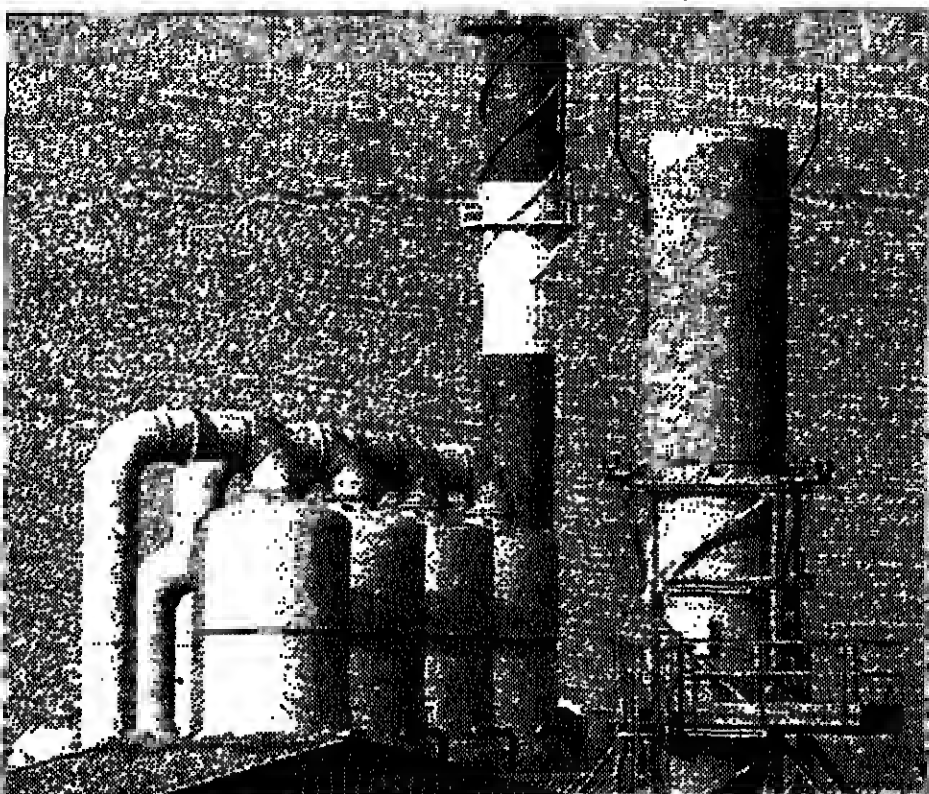
The reforms, which affected both the

organization of the educational system and its teaching methods, were sweeping when outlined in 1988 and put into law in 1991. Education moved from rote learning to interactive teaching, more schools were opened in rural areas, a new status was defined for university teachers, and the improved curricula emphasized sciences, vocational training and the introduction of courses on human rights and tolerance.

"We began teaching the full scope of religious studies, rather than just Islam, and rehabilitated studies in philosophy, history and geography that are free from any outside political or religious influences," says Mr. Ferchichi. "Today's students get an education that acknowledges our Arabic, Islamic and national heritage, but basically trains them how to use their own minds."



Salaries for men and women doing the same job are equal by law.



Tunisia's energy trade balance is predicted to remain positive into the next century.

MINING, OIL AND GAS: RICH NATURAL RESOURCES

The energy sector accounts for over half of foreign investment in Tunisia.

There were almost 50 oil exploration permits in operation in Tunisia at the beginning of this year—issued to companies like Pluspetrol of Argentina, Agip of Italy and Canada's Eurogas Corp. Exploration investments total about \$100 million.

"Our energy trade balance will remain positive at least until 2001, but our objective now is to encourage more prospecting for oil and gas by providing new incentives," acknowledges one government official familiar with the energy sector. "There will also be a new code for mining introduced next year to promote that activity."

Major gas investment
Tunisia's rich natural resources include oil, gas, phosphates and iron ore, and it is no surprise that the largest foreign investment in the country is by British Gas.

Its Miskar gas field in the Gulf of Gabès came onstream in 1996, and will both make Tunisia self-sufficient in natural gas and maintain its positive energy trade balance until at least 2000.

Last year, the energy sector accounted for well over half of the foreign investment in the country. British Gas spent \$650 million at the Miskar operation and could rise substantially following the reopening of the private Bougrine mine, which produces in El Kef concentrates for export to West European smelters.

One industry growing out of the natural resources activity is Tunisia's budding chemicals business, which represents about 2.3 percent of GDP. The sector, dominated by the state-owned Tunisian Chemical Group, has been growing by an annual average of 13 percent since 1991.

Gabès, and new fields have come onstream in Sidi Kilani, Ezzaouia, Belli and Cerina.

Mineral assets

The country is also one of the world's largest sources of phosphates: production increased from 5.6 million tons to 6.3 million tons between 1994 and 1995. In addition, lead and zinc output should rise substantially following the reopening of the private Bougrine mine, which produces in El Kef concentrates for export to West European smelters.

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CREATING A NEW WORKFORCE FOR THE INTERNATIONAL ECONOMIC MARKETPLACE

The government is concentrating on training as a means of readying Tunisia's economy for an increasingly global marketplace.

Moncer Rouissi, the minister for employment and training, goes to the computer in his office and begins showing a visitor the nationwide database that matches job seekers with employers. He moves to another terminal and hits on an Internet site describing the country's professional training facilities, which are meant to complement the educational system and feed trained employees into the workforce.

"Our goal is to train 60,000 qualified employees each year to enter the Tunisian workforce," says Mr. Rouissi. "We are driven by the demands of the market, and we work in tandem

with business to determine which sectors will require skilled workers. Then we train them using the latest techniques and technologies."

The goal of Mr. Rouissi's ministry is to train Tunisians to think beyond the former protected economy and focus on the open, competitive and international economic marketplace of the future. Everyone undertaking training is required to complete basic courses in English, computing, social legislation, health and security in the workplace, and project management.

Apprentice programs

There are hundreds of centers throughout the country offering training in some 170 different job fields. In addition, businesses have their own

training facilities and are stressing practical and theoretical apprenticeship programs.

"We try to anticipate the free market, and we want to be ready to compete with Europe," says Mr. Rouissi, noting that industrial maintenance, telecommunications and the chemicals business are among the key training sectors. "We are able to do this by increasing partnerships with manufacturing and industry to ensure that our training programs are moving in the right direction. We are also putting aggressive measures in place to deal with future unemployment by retraining people who lose their jobs."

He adds: "Trying to get quantitatively and qualitatively prepared for the free market fray is one of the key challenges in our history."

TEXTILES: SOLID BACKBONE OF EXPORT TRADE

Textiles, clothing and leather goods account for a whopping 45 percent of Tunisia's total export trade.

The textiles industry employs a workforce in excess of 220,000 people, half of all employees in Tunisia's manufacturing sector. The business has been growing by an annual av-

erage of 8.6 percent in real terms since 1991 and accounts for 7 percent of GDP.

"We must now ensure that we improve the quality of our textile output and produce more middle- and upper-

range textile products," says Minister of Industry Ben Abdallah. "In addition, I fully expect that we will take advantage of our proximity to Europe to meet specific market demand in a much quick-

er and more timely fashion than our competitors. In fact, an order made by a European company to a Tunisian textile firm now arrives within five days. That's hard to beat!"

The European market is

already open to the Tunisian textile industry, which produces garments for major brands: numerous foreign companies locate here because wages are substantially lower than those in European countries. In addition, labor is plentiful, there are established contracts with the unions, and companies exporting at least 80 percent of their products are given an advantageous offshore status.

Local capabilities

Textile producers, of course, have their own preoccupations. "The industry here will suffer in the long term if we do not create local capabilities and produce our own fabrics and cloth rather than import this material," says Hedi Djilani, who licenses Lee Cooper products in Tunisia and is a shareholder in the parent company in London. "If we do develop more local production, we could double or triple exports."

Says Mr. Djilani, who obtains the raw material for his Lee Cooper products from a local Canadian-Tunisian company: "We're still very far from reaching our total export potential, and we will grow because of productivity increases and our low labor costs, which are a fraction of those in Italy and France."



Improving quality is one of the key focuses in developing Tunisia's textile industry.

TUNISIA

TOURISM INDUSTRY: MOVING UPMARKET AND DIVERSIFYING

Tunisia attracted more than 4 million visitors last year, earning the country \$1.47 billion.

Tunisia offers destinations as diverse as beautiful beaches on 1,300 kilometers (800 miles) of coastline to lush oases, salt lakes and wadis in the Sahara Desert. In addition, it has numerous historical sites, mosques and medinas, masterpieces of Arab-Islamic architecture, and Punic and Roman archaeological remains.

"The beaches will always be a major tourist attraction and will remain popular because we are continuing to improve the product" by modernizing the infrastructure," says Tourism Minister Salaheddine Maoui, noting that 68 percent of tourists visiting Tunisia this year come from Europe. "But the only way we will be able to attract Americans and some other nationalities to Tunisia is by capitalizing on the wealth of our historic patrimony."

Roman temples

In addition to well-known destinations like Carthage, other historic sites include a second-century Roman temple in Dougga, the Phoenician port of Utica, Sbeitla's Roman temples and arches, El Jem's Coliseum and Bulla Regia's Roman villas and amphitheaters.

"I would not leave Tunisia without visiting Carthage and the Bardo Museum in Tunis," the minister counsels the prospective visitor. "I would also take a cultural tour in the northwestern part of the country and fly to the Sahara for a day to visit the oases, which is the type of trip undertaken by 50 percent of tourists visiting Tunisia."

He also suggests that a

tourist not leave without picking up textiles, crafts, ceramics, leather, engraved cooper, wood, silver and gold jewelry and other locally made products.

Tourism earnings have been increasing steadily — from \$1.06 billion in 1992 to \$1.47 billion last year — and the sector is directly and indirectly responsible for about 300,000 jobs. Tourism also accounts for about 10 percent of the gross domestic product and is, of course, a major earner of foreign exchange.

The first eight months of 1997 produced a 10 percent increase in earnings due to the increased presence of German, English, French and Scandinavian visitors. In addition, there has been a rapid increase in visitors from Russia.

"We expect annual growth to continue at about 6 percent," explains Mr. Maoui, noting that the business tourism and incentive market remains largely untapped, which is why the Tunisian Convention Bureau was created last year. "But it will be more than that if we succeed in tapping the Japanese and North American markets through innovations like the new tourism office we hope to open in New York next year."

There is currently a movement to develop more entertainment activities in tourist zones and further boost cultural tourism, golf (there are currently eight courses), hunting and thalassotherapy (six new spa projects are under way). The international bridge tournament in Hammamet, which is linked



with Tunis by a highway that is up to the standards found in France or Germany, reflects the new trends.

There are more than 600 hotels in the country today, including the recently constructed and elegant La Maison Blanche, opened by the former Tunisian ambassador to Washington, in downtown Tunis. The Residence Hotel at the Carthage Coast resort is the first hotel in Tunisia to be listed among "The Leading Hotels of the World."

New hotels and resorts

New hotels are constantly being built in resorts like Hammamet, Djerba Island, Port El Kantaoui, Douz, Monastir and Mahdia, where the 303-room Mahdia Palace opened earlier this year. The Hammamet South resort complex being constructed on 680 acres (154 hectares) will include a marina, shopping mall, residential complex, 40 hotels and a casino. It will cost more than \$750 million.

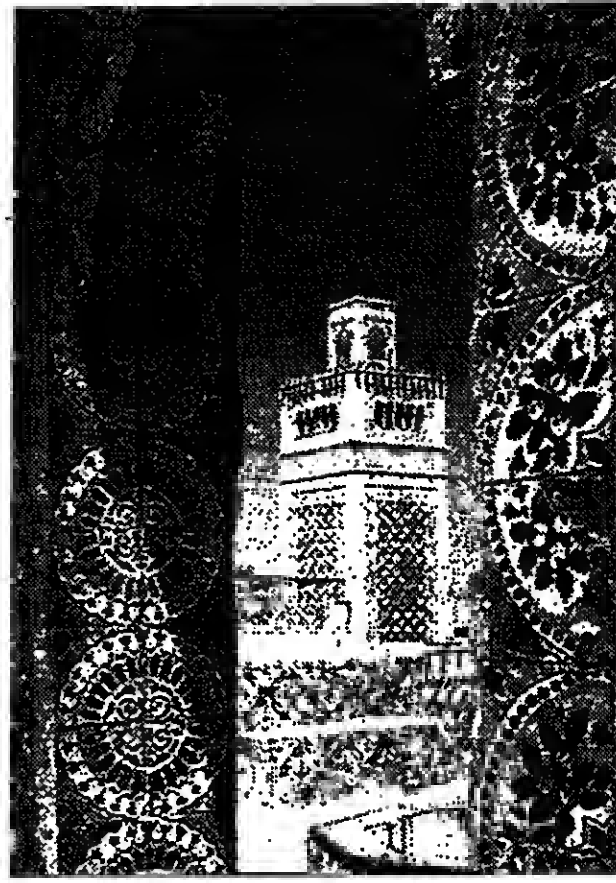
"This development will

assure quality tourism in Tunisia well into the next century," says Mr. Maoui. "Everything about it will be of the highest quality; the marina alone will cost \$100 million."

Government officials say they learned about the importance of planned tourism development and protection of the environment from the example of other countries that have overbuilt. "We've always had planned management and development, and we try to limit growth to 7,000 new beds per year," says Mr. Maoui. "Tourism has inspired our environmental movement because it is in everyone's interest to beautify the country and respect the surroundings that make our resorts so attractive."

Tunisia is a two-hour flight from Paris and 50 minutes from Rome; it has six international airports and seven passenger ports.

For additional information regarding tourism in Tunisia, consult the Travel to Tunisia Web site at <http://www.tourismtunisia.com>.



Top: Douz, near the Sahara; above: the Ezzelouma mosque.

TODAY'S TUNIS: MEDITERRANEAN CULTURAL CAPITAL

Culture is playing an important role in enabling Tunisia to make the leap into the European sphere.

Our irreversible blending with Europe is historic, but psychologically we have been preparing for years," says Minister of Culture Abdelbaki Hermassi, who was educated at the University of California at Berkeley in the late 1960s and returned to Tunisia in 1980 to teach and to participate "in the birth of my nation." He adds: "We are using culture — the collective memory of our country — to reinforce our own identities and bridge the gap with European countries without creating a national identity crisis."

The minister holds up a CD by a popular Tunisian recording artist, the lute player Anouar Brahem, whose latest album, "Khomsa," has been favorably reviewed in the United States and Britain. "This music, and all the popular Tunisian movies and theater, are as important to our cultural identity today as the 26,000 historical and archaeological sites and the 3,000 years of history," he says.

Mr. Hermassi, who became cultural minister last year, was the Tunisian representative to the United Nations Education, Scientific and Cultural Organization (UNESCO) between 1992 and '95. Tunisia, a city of just over a million inhabitants, was named this year's cultural capital by UNESCO.

"We considered this event an opportunity to disseminate our values, publicize our culture and make known our historical gains and present achievements," says President Zine El Abidine Ben Ali. "It illustrates that our country will remain a cradle of learning, modernity and creativity."

Festival calendar

A variety of international festivals are being held throughout the year as part of the cultural capital event. Different countries have brought their own cultural exports to the capital — an opera from Italy, painting from France, an exhibition of Arab architecture by the Aga Khan Foundation. Books have been published concerning existing prehistoric sites in the country, and there have been seminars along the lines of the "Role of the Arab Maghreb in Enriching International Culture."

"The cultural year has been key for us, because it brought all of the country's artists together and enabled us to celebrate our cultural output, both past and present," says Mr. Hermassi.

It is also enabling Tunisia to evaluate its future. Last month, an international colloquium led by Mr. Hermassi brought together a gamut of experts — including historians, urban planners, museum curators, archaeologists and scientists — to discuss the promotion of this diverse national heritage and collective cultural identity.

But even when the cultural year is ended, a visitor will find a wealth of museums and cultural institutions in Tunis. These include the Bardo Museum, which contains the world's largest collection of mosaics, the renowned gem "Virgil and the Muses" and the Art and Folk Traditions Museum. New buildings in the capital like the blue-and-white National Archives and the pink-marble city hall illustrate the continuation of traditional architecture.

"All of our economic and social modernization has brought culture to the forefront, because that is what really gives us our value, identity and self-assurance," says Mr. Hermassi. He hopes that the cultural year can be used as a springboard to develop cultural tourism, which was the theme of a UNESCO conference in Tunis last month.

For more information consult the "Tunis: Cultural Capital" Web site (www.tunisiaonline.com/Tunis97/index.html).

A WILLINGNESS TO SUPPORT THE COMMON CAUSE

Two Tunisian institutions reflect the importance of social and economic solidarity.

The quality of life in many remote towns and villages throughout Tunisia has been improved by a fund financed primarily by voluntary donations that have exceeded \$300 million during the past four years. "December 8 is National Solidarity Day, and last year on that single day, more than a million people donated money to the fund," says Kamel Hadji Sassi, the secretary of state in charge of the National Solidarity Fund. "In addition, we receive funding from the government, companies, private associations and European countries like Luxembourg."

The National Solidarity Fund, which was created in 1993 and is run directly by the presidency, has undertaken some 2,000 projects, chosen by development agencies in regions throughout the country. These range from electricity, water and road building schemes to the construction of houses, schools and dispensaries.

"There is a culture of solidarity in Tunisia, and the fund is

There is a culture of solidarity in Tunisia, and the fund is successful because the populace sees the money going back to the people."

successful because the populace sees the money going back to the people," says Mr. Sassi, noting the fund will dispense \$74 million this year. "That credibility creates a sense of enthusiasm and gratitude by everyone involved."

Another movement promoting social solidarity occurred last month with the launching of the Banque Tunisienne de Solidarité. Shares were offered to the Tunisian public, and the bank's purpose is to provide low-interest "micro-credits," or loans averaging \$5,000, to individual businesspeople, artisans, agricultural workers and commercial entrepreneurs. The government estimates there are 12,000 candidates a year looking for this type of financing.

"This type of bank is an example of the avant-garde politics of change in Tunisia, which enable the public to participate in economic growth and prosperity," says Minister of Finance Mohammed Jeri. "It illustrates how our economic reforms are tied to social welfare that involves the average citizen. And it fills a niche, because most banks don't lend to people for smaller projects."

Further information concerning the National Solidarity Fund can be found at <http://www.26-26.com>.

WIDE-RANGING GREEN PROGRAMS

The environment is an important priority.

One of the main planks in President Ben Ali's platform during the past decade has been an improvement in Tunisia's environment. Government efforts range from the construction of sewage networks and water treatment plants to educational programs for children in primary school. "We've set about streamlining our development effort to strike a balance between a healthy environment and maintaining growth," the president has said.

The government also considers the environment an important aspect of its integrated information network on sustainable development, Environment 21. This autumn, Prime Minister

Hamed Karoui again underlined the importance of preserving the equilibrium of the ecosystem and marrying development to environmental concerns.

Multiple programs

Indeed, six interministerial environmental programs are under way in areas that include urban development, transport and land development; the sea and coastal zones; climatic change; geographical data; biodiversity; and improved use of the desert.

"The environment is central to many of our development plans today," says Mohamed Ghannouchi, minister of international cooperation and foreign investment,

AGRICULTURE: MORE INVESTMENT FOR ECONOMIC LINCHPIN

Agriculture occupies over one-third of Tunisia's workforce and contributes 14 percent to its GDP.

It takes just a few minutes in a Tunisian market — replete with olives from the Sahel in the east, cereal from fertile grain plains in the northwest and dates, citrus fruits, sugar beets and other products — to understand that agriculture is still a mainstay of the Tunisian economy.

About one-third of cultivated land is devoted to cereal crops, mostly hard wheat, while another third is planted with more than 55 million olive trees, which enables Tunisia to rank among the largest producers of olive oil in the world.

Agricultural output increased more than 20 percent last year because of

favorable weather; overall agricultural exports rose by 93 percent, reflecting a record cereal harvest and a surge of olive oil exports. This year, cereal production is expected to decline, while the olive harvest should dramatically increase, with exports rising sharply. Overall growth is predicted to be about 4 percent.

Agriculture will remain a key facet of Tunisia's future. "The government is concentrating on creating industries that will inspire trade and growth," says one foreign diplomat, "but they are continuing investments in irrigation schemes and water projects that will add value to agricultural activity and maintain it as an important aspect of the economy."

Adds Mohamed Ghannouchi, the minister of international cooperation and foreign investment: "We must pursue our traditional strengths in agriculture by implementing new technologies, like soil preservation and irrigation schemes, and maintaining a balanced trade account."

The Institute of Arid Zones in Medenine, which carries out research on Tunisian agriculture, is part of a national program to restructure scientific research. "We seek to bring researchers and their work closer to farmers and producers, who are keen to adopt new techniques that improve productivity and the quality of their product," says Mongi Safra, secretary of state for scientific research and technology.

"especially in areas like tourism, where we have canceled some projects because of the environmental impact. We prize our natural resources and are extremely active in preventing the degradation of the environment. Every ac-

tion today is accompanied by an environmental-impact study." The Ministry of the Environment and Land Development, which publishes an annual "state of the environment" report, has created

an observatory to monitor and control environmental activity, and it regularly publishes indicators regarding particular aspects of the environment.

Last year, an International Center of Environmental Technologies opened in Tunis to serve as a national and regional environmental focal point in the Mediterranean and enhance Tunisia's capacity to develop appropriate environmental technologies. In addition, a number of agencies have been established by the ministry to protect the environment in conjunction with nongovernmental organizations and environmental associations.

"We are more fortunate than many developed countries, because we have less established industry and infrastructure causing environmental damage," says Fayez Ayed at the Ministry of Environment and Land Development. "In addition, we comply with international environmental agreements and norms, which enable us to better manage our environmental future."

Protecting desert and sea Tunisia has specific problems that range from the protection of the coastal zone, where there are now some 30 water treatment plants to prevent pollution of the sea, to the onslaught of desertification. Range land, forests and agricultural terrain cover more than half of the country's land surface, but there are annual losses of 20,000 hectares (50,000 acres) due to erosion, desert encroachment, salinization, flooding

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Centre Urbain Nord
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Centre Urbain Nord
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Tel.: (216 1) 707 122, fax: (216 1) 708 230

Office du Commerce de Tunisie
65, rue de Syrie — 1002 Tunis
Tel. (216 1) 892 857, 785 854, 738 974, fax: (216 1) 794 491

Institut National de la Normalisation et la Propriété Industrielle
Cité El Khadra
1003 Tunis — Belvédère

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Plunge of Won Sends Shivers Across Region

South Korean Bonds Get a Pummeling

SEOUL — South Korea sank deeper into a financial crisis Thursday as its currency tumbled to a record low against the U.S. dollar, further rattling Southeast Asian markets.

South Korean bonds, the most widely held Asian debt, also tumbled as investors moved their money elsewhere. The won plunged to a record low of 974.80 to the dollar from Wednesday's close of 969.50. The weakness was felt across the region, with the Thai baht and Indonesian rupiah falling.

The drop rekindled fears that South Korea's financial turmoil, highlighted by a string of corporate insolvencies, could match that in Thailand and other Southeast Asian economies.

A costly — and so far futile — attempt to keep the won from weakening through central bank intervention is putting pressure on the nation's banks. Many lenders say they are already having trouble raising money.

The capital squeeze is growing so severe that the very survival of some banks may be in doubt. Many are likely to curb lending, threatening to tip the world's 11th-largest economy into recession.

"The market fears that South Korea may not have enough ammunition to defend the won, prevent the collapse of some of its shaky banks and check the mountain of short-term debt largely denominated in foreign currencies," a European bank dealer in Singapore said.

But the Bank of Korea, the country's central bank, asserted that the fears were "exaggerated." It indicated the won could reach 1,000 to the dollar but said that South Korea's economy was fundamentally different from those in Southeast Asia.

"Our fundamentals are still relatively good," said Yoon Yang Shik, currency manager at the Bank of Korea. "If we solve the problems in the banks we can see our economy going up again."

A Finance Ministry official said the country would have no reason to seek emergency loans from other countries or the International Monetary Fund, as Thailand and Indonesia did.

"Our financial markets are not in serious danger," said Choi Joong Ky-

ong, director-general of the ministry's financial cooperation division. "We have no plan to request emergency loans from the IMF."

Michel Camdessus, the managing director of the IMF, agreed with that assessment. Speaking in Paris after signing emergency aid for Indonesia, he said steps taken by the South Korean government had created a "desirable reduction in external imbalances."

He called the Bank of Korea's efforts to stop companies from hoarding dollars "courageous."

But bond investors were not cheered by these expressions of confidence. Korea Development Bank's 10-year global bond, a benchmark for the nation, took one of the biggest hits. The gap, or spread, between its yield and a comparable U.S. Treasury bond widened Thursday to as much as 350 basis points — more than double the spread on Wednesday.

"Korea appears to be in a state of denial," said Daniel Hemmant, who manages about \$45 million of bonds at Guinness Flight Asia Ltd.

Mr. Yoon of the central bank said that in November 6 or 7 trillion more won would be released by the central bank to stabilize the money market and bring down interest rates.

"As long as the government remains strongly committed the won will not drop as radically as has been predicted by some foreigners," he said. "South Korea is not like Southeast Asia, we will be able to control the turbulence."

Mr. Camdessus said he did not think "the Korean situation is as alarming as it was in Indonesia a couple of weeks ago."

Indonesia received \$23 billion in assistance from the IMF and other agencies after its currency plunged, threatening defaults by companies on foreign loans.

Economists say that South Korea must restructure its ailing financial sector through mergers and alliances.

"Otherwise, an ensuing financial crisis could develop into an uncontrollable situation," said Lee Phil Sang, a professor at Korea University.

Analysts estimate that total nonperforming loans in the financial system could exceed 20 trillion won by the end of this year. (AFP, Bloomberg)

Kids Prefer Brunettes



Barbie has risked all and changed into a brunette. And children seem to like her new hairdo. More than 100,000 dolls, which retail at about \$35, were sold in the first few days on sale a month ago. Page 16.

Bank of England Lifts Rates to 5-Year High

Quarter-Point Rise Aims to Stem Inflation

By Tom Buckle
International Herald Tribune

LONDON — The Bank of England raised its key short-term interest rate to the highest level in five years Thursday to try to slow Britain's booming economy and to contain inflationary pressures.

The move was also seen as a clear sign that normalcy is returning to Western financial markets after the recent turmoil emanating from Asia.

The quarter-point rate rise to 7.25 percent in the base lending rate — the lowest rate at which the central bank lends to commercial banks — surprised many financial analysts. They had expected the central bank to shy away from an increase now to avoid the risk of sparking a sell-off in a volatile stock market.

Instead, the bank indicated by its action that it was far more concerned about the home-grown fuel behind Britain's nearly 4 percent growth rate than it was about the prospect that Asia's woes might reverberate around the globe.

"A rate hike was fully justified" because Britain's economy continues to grow at a pace that threatens price stability, said Paul Meggyesi, a currency analyst at Deutsche Morgan Grenfell.

The move suggests that central banks in the United States and Continental Europe are likely to feel less restrained by the recent Asian market turmoil, oow that Western markets have stabilized, analysts said.

"Many central bankers remember that after the 1987 crash, when there was a larger market decline, it proved to be a mistake to ease monetary policy," said Kim Schoenholz, chief economist at Salomon Brothers.

The Federal Reserve Board and the Bundesbank are unlikely to follow suit and raise their rates any time soon, though, he said, because price pressures remain subdued in the United States and Germany. The Bundesbank central council met Thursday but held rates steady as expected.

The rate rise, the fifth this year, along with Britain's robust economic growth, underlines the huge difference between its economy and that of the Continent, a difference that has persuaded the Labour government to stay out of monetary union until at least 2001 or 2002.

"We're close to a period of maximum divergence," Mr. Meggyesi said, "but that's not to say they will begin to converge any time soon."

In its announcement, the Bank of England's Monetary Policy Committee said the economy was continuing to grow at an "unsustainable rate" despite four earlier quarter-point increases over the summer.

Consumer demand remains buoyant at home, and reports are growing of a shortage of skilled labor, which could put upward pressure on wages, it said.

The pound's recent strength has not depressed exports or moderated inflation, which at 2.7 percent is running above the government's target of 2.5 percent, it added.

Most major British commercial banks followed the move by raising their base lending rate by 25 basis points to 7.25 percent. That should quickly translate into higher borrowing costs for industry and homeowners because most British debt is floating-rate.

The big question was whether the latest increase would be the last for this business cycle. While some analysts were inclined to think it would be the last, Mr. Meggyesi predicted rates would need to rise to as high as 8 percent to slow the economy to a more sustainable growth rate of 2.5 percent.

Stock prices fell on news of the rate rise, with the Financial Times-Stock Exchange 100-share index dropping 30 points immediately. The index closed at 4,863.80, down 44.5 points.

The pound jumped to \$1.6915 in London from \$1.6755 on Wednesday. The pound also rose to 2.9109 Deutsche marks from 2.8872. Prices of government bonds fell, driving up the yield on the benchmark 10-year issue to 6.65 percent from 6.58 percent Wednesday.

Lenders Ponder Rate Move

Nationwide Building Society and Bradford & Bingley Building Society, Britain's two biggest mortgage lenders, said they would not follow the central bank and would not raise their interest rates until 1998, Bloomberg News reported. "We've decided not to pass these rate rises on to our customers at least until next year," a spokesman for Nationwide said.

WALL STREET WATCH

Real-Estate 'Vultures' Widen Search

With More Money Chasing Fewer Properties, Investors Look Farther Afield

By Leslie Eaton
New York Times Service

NEW YORK — In the world of professional real-estate investing, no one is flying higher than Wall Street's vulture funds, which in the early 1990s swooped in to buy distressed properties whose values have since soared as the economy has recovered.

And no one is feeling more on top of the world than Blackstone Group. In just five years, the firm has raised millions of dollars to buy real estate, produced eye-popping returns of more than 50 percent a year.

Blackstone has been so successful that big investors are flocking to the firm, which announced Thursday that it had raised \$1.1 billion to form a new investment fund, one of the largest pools of money ever raised targeting commercial properties.

With so much money at its disposal, Blackstone, which jokingly calls itself a stealth investor because of its low public profile in real estate, joins the ranks of such Wall Street giants as Colony Capital, Morgan Stanley and Goldman Sachs.

But for all of these firms, the air is increasingly turbulent. The rebound in almost all kinds of real estate, all over the United States, means that there is far less carrion for the vultures to devour.

Meanwhile, there is more competition for properties. Money has been pouring into real estate, both through the private funds and through the public-property companies called real-estate investment trusts, or REITs.

All of which is prompting some market watchers to worry that real estate may overheat even faster than usual in what traditionally has been a boom-and-bust business. Although the funds are a relatively small force in the trillion-dollar U.S. real-estate market, they are a potent one, often serving as the catalyst that prompts other investors to move into a particular region or kind of investment.

The recovery in real estate is forcing the funds to adopt new strategies in their efforts to sustain the annual returns of 20 percent or more that their investors have come to expect. Not only are the funds branching out into operating companies, luxury hotels and movie theaters, they are also venturing even farther afield by starting to develop new projects from scratch.

And the vultures are gaining a taste for everything from escargots to enchiladas as they search the globe for their traditional fare — properties (or property owners) with problems.

"The way the business is moving now, you really have to learn to surf the wave," said Stephen Schwarzman, president of Blackstone.

To be sure, the fund operators —

who call their vehicles "opportunity funds," rather than vulgar vultures — say that they are well aware of the cyclical nature of real estate and agree, sometimes reluctantly, that investors must scale back their expectations for profits. And even though they are developing vacant land and building new projects, the funds assert, they will avoid the excesses that led to disaster in the late 1980s.

"Because we all remember what overbuilding did, we are carefully monitoring supply and demand," said Daniel Neidich, chairman of the investment committee of Goldman Sachs's Whitehall real-estate funds.

"The money available for development today is much more focused and cautious than in the late 80s."

Still, funds are now paying far more for buildings than offices fetched just a few years ago. And a decade ago, when values were similar to today's levels, according to the data from the National Council of Real Estate Investment Fiduciaries, American real estate was heading for disaster.

Much of the most speculative prop-

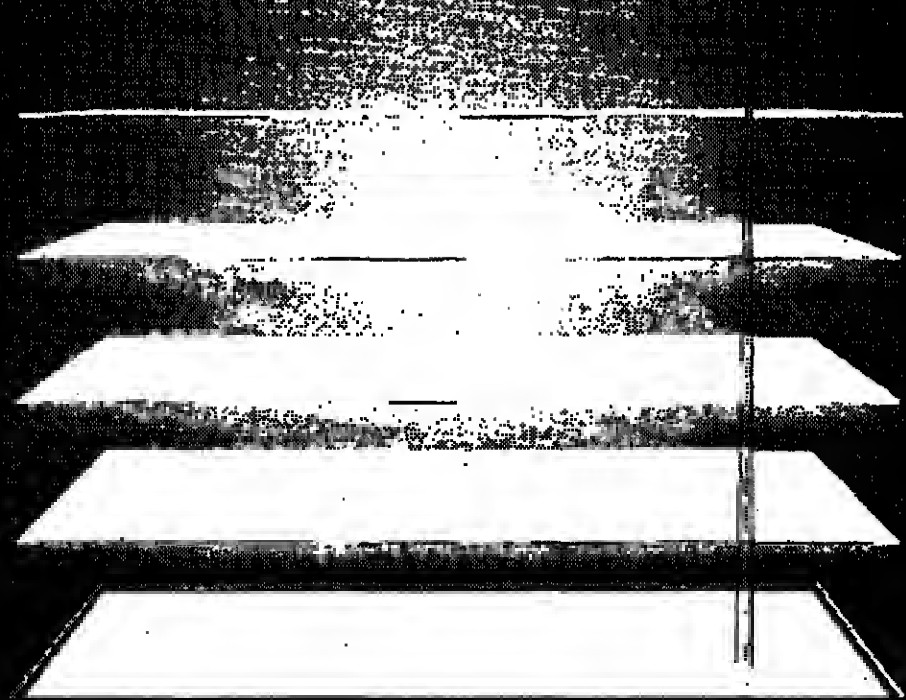
erty purchased in the 1980s ended up in the hands of the savings and loans that had financed it; once they went bust, the mortgages moved to Resolution Trust Corp., the government body charged with cleaning up the mess.

See REAL ESTATE, Page 21

CURRENCY & INTEREST RATES

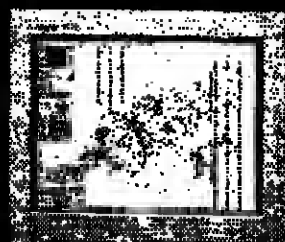
Cross Rates									
	\$	£	DM	¥	HK\$	NT\$	₹	₪	₹
Australia	1.34	0.69	1.37	100.00	16.76	24.96	1.37	1.37	1.37
Canada	0.70	0.45	0.70	53.74	7.99	11.95	0.70	0.70	0.70
France	1.66	1.06	1.00	166.67	24.63	35.40	1.66	1.66	1.66
Germany	1.93	1.21	1.00	193.00	28.36	41.94	1.93	1.93	1.93
Italy	1.93	1.21	1.00	193.00	28.36	41.94	1.93	1.93	1.93
Japan	100.00	6.25	100.00	1.00	16.76	24.96	100.00	100.00	100.00
South Korea	974.80	608.00	974.80	100.00	15.24	22.36	974.80	974.80	974.80
Switzerland	1.48	0.93	1.00	148.00	21.90	32.40	1.48	1.48	1.48
Taiwan	24.96	1.56	24.96	100.00	16.76	24.96	24.96	24.96	24.96
Thailand	53.74	3.35	53.74	419.40	100.00	14.90	53.74	53.74	53.74
UK	0.69	1.00	0.69	53.74	7.99	11.95	0.69	0.69	0.69
US	1.00	0.63	1.00	100.00	16.76	24.96	1.00	1.00	1.00
Other Dollar Values									
Argentina	1,000.00	0.0001	1,000.00	1,000.00	0.0001	1,000.00	1,000.00	1,000.00	1,000.00
Brazil	1,000.00	0.0001	1,000.00	1,000.00	0.0001	1,000.00	1,000.00	1,000.00	1,000.00
Canada	0.70	0.45	0.70	53.74	7.99	11.95	0.70	0.70	0.70
France	1.66	1.06	1.00	166.67	24.63	35.40	1.66	1.66	1.66
Germany	1.93	1.21	1.00	193.00	28.36	41.94	1.93	1.93	1.93
Italy	1.93	1.21	1.00	193.00	28.36	41.94	1.93	1.93	1.93
Japan	100.00	6.25	100.00	1.00	16.76	24.96	100.00	100.00	100.00
South Korea	974.80	608.00	974.80	100.00	15.24	22.36	974.80	974.80	974.80
Switzerland	1.48	0.93	1.00	148.00	21.90	32.40	1.48	1.48	1.48
Taiwan	24.96	1.56	24.96	100.00	16.76	24.96	24.96	24.96	24.96
Thailand	53.74	3.35	53.74	419.40	100.00	14.90	53.74	53.74	53.74
UK	0.69	1.00	0.69	53.74	7.99	11.95	0.69	0.69	0.69
US	1.00	0.63	1.00	100.00	16.76	24.96	1.00	1.00	1.00
Forward Rates									
30-day	1.0000	0.6300	1.0000	100.00	16.76	24.96	1.0000	1.0000	1.0000
90-day	1.0000	0.6300	1.0000	100.00	16.76	24.96	1.0000	1.0000	1.0000
180-day	1.0000	0.6300	1.0000	100.00	16.76	24.96	1.0000	1.0000	1.0000
360-day	1.0000	0.6300	1.0000	100.00	16.76	24.96	1.0000	1.0000	1.0000

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EUROPE

Philips Executive Held in Fraud Inquiry

AMSTERDAM — A widening criminal investigation into insider trading, tax fraud and money laundering through the Amsterdam stock exchange extended to a director of one of the Netherlands' biggest corporate pension funds on Thursday.

A spokesman for Philips Electronics NV confirmed reports that a director of the company's pension fund had been taken into custody Tuesday. He stressed, however, that the man's activities for Philips were not being investigated.

"It is purely private concerning this director, it has nothing to do with the fund. I cannot say what he has been accused of precisely," said Ben Geerts, a spokesman for Philips.

About 140,000 past and present Philips employees belong to the Philips Pension Fund, which manages an estimated 27 billion guilders (\$13.9 billion) in assets.

A spokeswoman for the Amsterdam prosecutor said a top corporate pension-fund manager, whom she identified as F.H., was detained and has confessed to tax fraud and forgery. No other details were disclosed.

The spokeswoman, however, withdrew an

earlier statement that there had been "several" arrests over the past five days. There had been only two arrests, bringing to six the number of people held since the scandal erupted Oct. 24, when about 200 police officers raided four brokerages and the Amsterdam stock exchange, searching for evidence of tax evasion, money laundering and fraud.

Authorities in Britain, Switzerland and the Dutch island of Curacao in the Caribbean staged simultaneous raids.

Dutch media reported that the latest arrest came after fraud officers managed to crack a code protecting seven of about 60 anonymous accounts, some of which dated back to 1985.

The Foundation for Corporate Pension Funds said it regretted that one of its members had come under suspicion.

Mr. Geerts declined to name the director. "He is a director, not a managing director," Mr. Geerts said. "I cannot say what he has been accused of precisely."

A spokesman for the Amsterdam stock exchange said the bourse backed the investigation and wanted tougher controls to be introduced.

The exchange has been at pains to distance

itself from the scandal, stressing that it had been used as an instrument.

On Thursday, the director of a small Dutch bank resigned from the exchange's supervisory board in a bid to ward off bad publicity. Hans Pontier of Bank Bangert-Pontier said his decision followed reports implicating a client.

"Mr. Pontier wants to avoid any association between this question and Amsterdam exchange changes," the bank said. (Reuters, Bloomberg)

Electronics Units Set for Streamlining

Philips said it would streamline its electronics divisions to better coordinate marketing of high-volume consumer products and business equipment. Bloomberg News reported from Eindhoven.

The company said it would bring more business-electronics products, such as faxes and communications equipment, into a new division. "We can now put one face to the market," said Angelique Paulussen-Hoogakker, a spokeswoman for Philips.

The realignment is not a cost-saving effort and should not be confused with a strategic plan to be presented early next year, she added.

Buyers Slam Brakes After A-Class Flips

STUTTGART — Mercedes-Benz AG said Thursday that 1,000 customers had canceled orders for its new subcompact A-class model in the past five days after the car tipped while making a tight turn during a test drive.

But the carmaker also reported 1,000 new orders and said that it had 1,000 orders for the model.

The launch of the A-Class faltered last month when a Swedish journalist rolled the subcompact in a test drive to see whether it qualified to be "Car of the Year." Subsequent German and Swedish reports have said the car tipped over at speeds as low as 60 kilometers (36 miles) an hour.

Daimler-Benz AG, parent company of Mercedes, said it would add electronic balancing equipment and change tires on some cars at a cost of about 100 million Deutsche marks (\$57.8 million) a year.

The modification involves installing a balancing system already available in some more expensive Mercedes models. The system is made by Robert Bosch GmbH, the largest German car-parts maker.

The A-class, which costs about 30,500 DM, competes against Volkswagen AG's Golf and the new Citroen Xsara of PSA Peugeot Citroen SA in the European market.

Mercedes plans to sell about 28,000 models this year, with sales rising to about 180,000 next year as production reaches full capacity.

Separately, Mercedes said it began production Thursday in Cairo at its first Arab factory. The plant will produce about 2,500 Mercedes E-200 models each year. Most of the cars, which sell for \$100,000, will be sold in Egypt, said Ibrahim Fawzi, head of Investment Authority of Egypt.

The 60,000-square-meter (660,000-square-foot) factory will employ 207 workers, while feeder industries are expected to generate 1,100 jobs.

The factory was built by the Egyptian-German Automotive Co., which was formed in 1996. Daimler-Benz AG has a 26 percent stake in the joint venture, while National Automotive Co. of Egypt has a 72 percent stake. National International Trade, another Egyptian company, owns the rest. (Bloomberg, AFP, AP)

Investor's Europe				
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
4500	5500	3200		
4000	5000	3100		
3500	4500	3000		
3000	4000	2900		
2500	3500	2800		
2000	3000	2700		
1500	2500	2600		
1000	2000	2500		
500	1500	2400		
0	1000	2300		
1997	1997	1997		
Exchange	Index	Thursday Close	Prev. Close	% Change
Amsterdam AEX		870.08	878.54	-0.98
Brussels BEL-20		2,392.47	2,398.89	-1.57
Frankfurt DAX		3,823.97	3,868.68	-1.11
Copenhagen Stock Index		622.45	622.98	-0.08
Helsinki HEX General		3,516.72	3,586.14	-1.93
Oslo OSE		700.84	699.74	+0.16
London FTSE 100		4,863.80	4,908.30	-0.91
Madrid Stock Exchange		589.22	571.76	+0.44
Milan MIBTEL		15102	15089	+0.08
Paris CAC 40		2,781.82	2,822.42	-1.44
Stockholm SX-16		3,219.43	3,251.82	-1.00
Vienna ATX		1,308.06	1,317.08	-0.62
Zurich SPI		3,528.56	3,547.50	-0.57

Very briefly:

- Royal Dutch/Shell Group said refining results had lifted third-quarter profit by 5 percent to £1.17 billion (\$1.97 billion), despite lower oil prices.
- Fokus Bank ASA and Union Bank of Norway have broadened their recent cooperation talks to merger negotiations. The banks' boards are expected to make a decision this weekend and issue a statement on Monday.
- The European Union's economic confidence index rose to 103.5 in October, a seven-year high, from 102.8 in September, as consumers benefited from an export-led recovery.
- German industrial orders slipped 1.8 percent in September from August, but economists said the preliminary figures were erratic and would not push them to overturn optimistic growth forecasts.
- The EU's annual inflation rate was unchanged at 1.8 percent in September, holding below 2 percent for the seventh month.
- Mercury Asset Management Group, Britain's biggest fund manager, said strong global market performance and new business in Britain and abroad lifted first-half profit 9.6 percent to £61.9 million.
- Boots Co.'s first-half profit fell 87 percent to £23.6 million as a £173.9 million one-time charge to sell an unprofitable home-improvement subsidiary offset gains in its British drugs and other retail businesses.
- The French government plans to announce a special budget this month to match unbudgeted expenditure with savings to ensure that the public deficit fits the plan for the single currency.
- Nokia Oy said a September shipment of digital phones for the U.S. market had a software problem. The Finnish mobile phone maker does not plan to recall the phones, which were based on code division multiple access technology, but will fix the problem with new software.

Scandinavia's Phones Go Unplugged

STOCKHOLM — When Lars Oestlund bought a summer house in Tyresoe, on the craggy archipelago outside of Stockholm, he unhooked the phone — but not because he wanted peace and quiet.

Using the same mobile phone at work and play, the 35-year-old journalist was moving with the times in Sweden, where there is one mobile phone for every three people. France, by contrast, has fewer than one in 14, and China one in 30.

With so many phones, and only so many potential customers, Swedish network operators like Telia AB, NetCom Systems AB and Europol AB are making inroads to markets that had been dominated by fixed phones.

"People are using their mobile phones more often and there are more ways you can use them," said Peter Edwall, who owns NetCom stock as part of the 12 billion kronor (\$1.6 billion) in Nordic equities he manages at Odin Fonder. "Charges could come down dramatically and people may start to use mobile phones more in the home."

The region's mobile-phone makers, LM Ericsson AB of Sweden and Nokia Oy of Finland, which

both recently reported a doubling in third-quarter profits, are hoping that what happened in Scandinavia can come true elsewhere.

The investment house Salomon Brothers said in a recent report that the number of mobile-phone subscribers worldwide would rise to 1.6 billion in 2003, or 20 percent of the world's population, from 200 million this year.

If growth is slowing anywhere, it should be in Scandinavia, but that just is not happening. Fixed-line subscriptions rose 0.3 percent to 2.6 million in Sweden last year, while the number of mobile-phone users rose 20 percent to 2.7 million.

"It feeds on itself," said John Jensen of Salomon Brothers, who has a "hold" on Europol after its stock more than doubled in a year. "As more people become users, the cost of not owning a mobile phone is going up and the cost of owning one is going down."

It was Sweden's early adoption of competition and new technology that put the nation in the vanguard, rather than anything in the Nordic soul, analysts say. "It's signaling the way that other European countries will go," said Jeremy Alun-Jones of Lehman Brothers.

That way involves opening the market to users other than businesses and yuppies. NetCom's mobile phone business, Comviq, in May started selling prepaid cards, without phones or subscriptions. That allowed teenagers with no credit to buy subscriptions for use with their parents' old mobile phones. Within a month, NetCom had sold 100,000 of the cards.

"We now sell at gas stations, newspaper kiosks, food stores, so we are very close to end-users," said Chief Executive Anders Bjorkman. NetCom is controlled by Swedish investor Jan Stenbeck.

Mobile phones are also gaining in the workplace. Europol signed its first "wireless office" contract last month to provide some 800 employees at Ericsson's microwave systems office, near Gothenburg with mobile phones. As long as calls are made within a local zone, such as a headquarters or financial district, they are charged at rates comparable to fixed-line charges.

"We believe the wireless solution can be competitive with the fixed," said Devin Brougham, chief financial officer of Europol. Europol is 51 percent owned by AirTouch Communications Inc.



A Pleading Profit

Chairman Martin Kohlhausen reported that Commerzbank AG's third-quarter profit rose 52 percent to 2.54 billion Deutsche marks (\$1.47 billion).

But as mobile phones become less of a luxury and other companies enter the market, competition and lower-cost products will almost certainly cause per-call charges to come down and profit margins to shrink. Mr. Alun-Jones sees Europol's average revenue per subscriber falling to \$53 a month by 2005, from \$70 a month now.

WORLD STOCK MARKETS

Thursday, Nov. 6
Prices in local currencies.

High Low Close Prev.

Amsterdam AEX Index: 870.08

Brussels BEL-20 Index: 2,392.47

Copenhagen Stock Index: 622.45

Helsinki HEX General: 3,516.72

Oslo OSE Index: 700.84

London FTSE 100 Index: 4,863.80

Madrid Stock Exchange: 589.22

Milan MIBTEL Index: 15,102

Paris CAC 40 Index: 2,781.82

Stockholm SX-16 Index: 3,219.43

Vienna ATX Index: 1,308.06

Zurich SPI Index: 3,528.56

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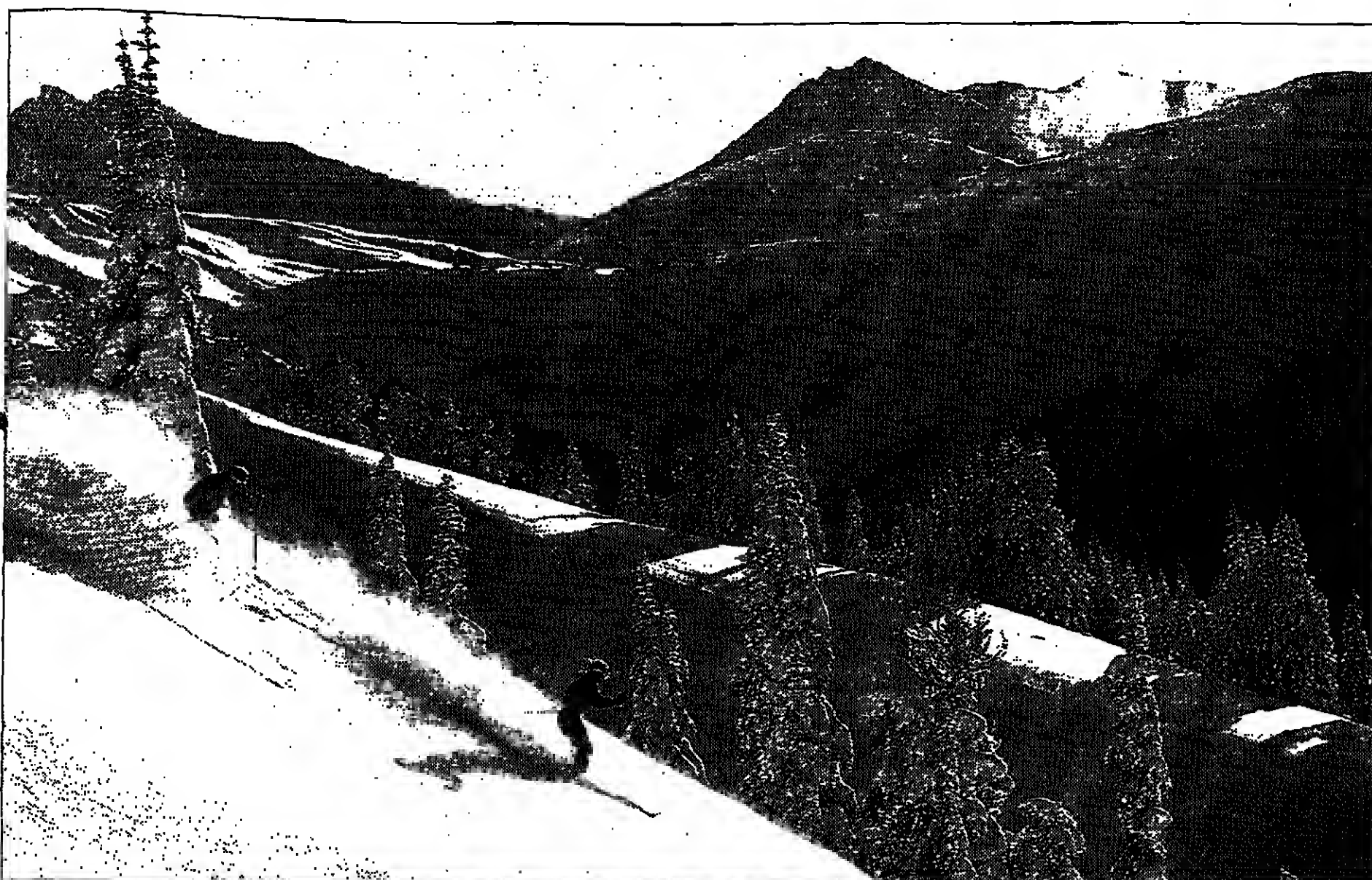
NYSE

Thursday's 4 P.M. Close
The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press

12 Month High Low Stock Div Yld PE 100 High Low/Latest Chg

High	Low	Stock	Div	Yld	PE	100 High	Low/Latest	Chg
12	11	10	11	12	13	14	15	16
17	18	19	20	21	22	23	24	25
26	27	28	29	30	31	32	33	34
35	36	37	38	39	40	41	42	43
44	45	46	47	48	49	50	51	52
53	54	55	56	57	58	59	60	61
62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79
80	81	82	83	84	85	86	87	88
89	90	91	92	93	94	95	96	97
98	99	100	101	102	103	104	105	106
107	108	109	110	111	112	113	114	115
116	117	118	119	120	121	122	123	124
125	126	127	128	129	130	131	132	133
134	135	136	137	138	139	140	141	142
143	144	145	146	147	148	149	150	151
152	153	154	155	156	157	158	159	160
161	162	163	164	165	166	167	168	169
170	171	172	173	174	175	176	177	178
179	180	181	182	183	184	185	186	187
188	189	190	191	192	193	194	195	196
197	198	199	200	201	202	203	204	205
206	207	208	209	210	211	212	213	214
215	216	217	218	219	220	221	222	223
224	225	226	227	228	229	230	231	232
233	234	235	236	237	238	239	240	241
242	243	244	245	246	247	248	249	250
251	252	253	254	255	256	257	258	259
260	261	262	263	264	265	266	267	268
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512	513	514	515	516	517	518	519	520
521	522	523	524	525	526	527	528	529
530	531	532	533	534	535	536	537	538
539	540	541	542	543	544	545	546	547
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557	558	559	560	561	562	563	564	565
566	567	568	569	570	571	572	573	574
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584	585	586	587	588	589	590	591	592
593	594	595	596	597	598	599	600	601
602	603	604	605	606	607	608	609	610
611	612	613	614	615	616	617	618	619
620	621	622	623	624	625	626	627	628
629	630	631	632	633	634	635	636	637
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647	648	649	650	651	652	653	654	655
656	657	658	659	660	661	662	663	664
665	666	667	668	669	670	671	672	673
674	675	676	677	678	679	680	681	682
683	684	685	686	687	688	689	690	691
692	693	694	695	696	697	698	699	700
701	702	703	704	705	706	707	708	709
710	711	712	713	714	715	716	717	718
719	720	721	722	723	724	725	726	727
728	729	730	731	732	733	734	735	736
737	738	739	740	741	742	743	744	745
746	747	748	749	750	751	752	753	754
755	756	757	758	759	760	761	762	763
764	765	766	767	768	769	770	771	772
773	774	775	776	777	778	779	780	781
782	783	784	785	786	787	788	789	790
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863	864	865	866	867	868	869	870	871
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899	900	901	902	903	904	905	906	907
908	909	910	911	912	913	914	915	916
917	918	919	920	921	922	923	924	925
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944	945	946	947	948	949	950	951	952
953	954	955	956	957	958	959	960	961
962	963	964	965	966	967	968	969	970
971	972	973	974	975	976	977	978	979
980	981	982	983	984	985	986	987	988
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1025	1026	1027	1028	1029	1030	1031	1032	1033
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1052	1053	1054	1055	1056	1057	1058	1059	1060
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1088	1089	1090	1091	1092	1093	1094	1095	1096
1097	1098	1099	1100	1101	1102	1103	1104	1105
1106	1107	1108	1109	1110	1111	1112	1113	1114
1115	1116	1117	1118	1119	1120	1121	1122	1123
1124	1125	1126	1127	1128	1129	1130	1131	1132
1133	1134	1135	1136	1137	1138	1139	1140	1141
1142	1143	1144	1145	1146	1147	1148	1149	1150
1151	1152	1153	1154	1155	1156	1157	1158	1159
1160	1161	1162	1163	1164	1165	1166	1167	1168
1169	1170	1171	1172	1173	1174	1175	1176	1177
1178	1179	1180	1181	1182	1183	1184	1185	1186
1187	1188	1189	1190	1191	1192	1193	1194	1195
1196	1197	1198	1199	1200	1201	1202	1203	1204
1205	1206	1207	1208	1209	1210	1211	1212	1213
1214	1215	1216	1217	1218	1219	1220	1221	1222
1223	1224	1225	1226	1227	1228	1229	1230	1231
1232	1233	1234	1235	1236	1237	1238	1239	1240
1241	1242	1243	1244	1245	1246	1247	1248	1249
1250	1251	1252	1253	1254	1255	1256	1257	1258
1259	1260	1261	1262	1263	1264	1265	1266	1267
1268	1269	1270	1271	1272	1273	1274	1275	1276
1277	1278	1279	1280	1281	1282	1283	1284	1285
1286	1287	1288	1289	1290	1291	1292	1293	1294
1295	1296	1297	1298	1299	1300	1301	1302	1303
1304	1305	1306	1307	1308	1309	1310	1311	1312
1313	1314	1315	1316	1317	1318	1319	1320	1321
1322	1323	1324	1325	1326	1327	1328	1329	1330
1331	1332	1333	1334	1335	1336	1337	1338	1339
1340	1341	1342	1343	1344	1345	1346	1347	1348
1349	1350	1351	1352	1353				

SKIING IN AMERICA



There's been a change in attitude among North American skiers: Just getting out and playing in the snow has become at least as important as having the right equipment, skills and clothes.

GOOD LOOKS, GREAT FUN AND EL NIÑO

Fun is fashionable again, and El Niño may have actually helped the ski industry.

Everybody interested in skiing in the United States or Canada this winter is speaking Spanish — or, at least, a couple of words of Spanish.

"Everyone's talking about El Niño," says Katie Odell, director of communications for the Lake Placid (New York) Visitors Bureau. She notes, however, that no one, including meteorologists, can really predict the effects of El Niño, the centuries-old name for the massive weather system that in some past years has blown extreme storms across parts of North America.

"Some people think El Niño means it's going to be a

warm winter, and there won't be much snow," says Ms. Odell. "Other people say El Niño means we're really going to get dumped on."

Changes in attitude

One thing that is certain is the way that skiing is changing in North America. Not so long ago, it was all about how you looked: how trendy your outfit was, how new your skis were, how elegant your carved turns. Now, it's more about fun, and not just for the hard-core skiers.

"Now, especially in ski areas near urban markets, it's about people just getting out and playing in the snow," says Kathie Dillmann, execu-

tive director of Mountains of Distinction, a marketing association of eight upscale winter resorts in the eastern United States.

That change in attitude appears to be good for the ski industry in North America, which in recent years has seen little or no growth. Both the number of skiers in the United States and Canada (about 12 million downhill skiers, 4 million snowboarders and 4 million cross-country skiers) and the number of visits to ski areas each year (about five per person) have been stagnant, but there are signs of growth for this season.

"All of us have seen an increase in bookings this year," says Marcie Hawks, vice president of the Ski Tour Operators Association (SKITOPS), an alliance of 28 major ski resorts in the United States and Canada. "We're pretty much sold out for a lot of the holiday season. The good economy helps, and the fact that there was a lot of snow out West last year has a lot of people interested in skiing this year."

Less harm than good
In the American Rockies, some resorts report that El Niño is helping rather than hurting advance bookings. "El Niño has piqued the interest of a lot of people," says Barb Jennings, a spokeswoman for Colorado Ski Country USA, which represents 24 major resorts in Colorado. She says resorts are hoping for a blast of winter weather from El Niño: "Good, early season snow raises awareness."

A self-described "weather geek," Ms. Jennings says she has tracked El Niño patterns in past decades and found that it brings wetter and cooler weather to the Colorado Rockies during the first half of the season, which means

lots of good snow early. El Niño typically brings warmer weather during the second half of the season, she says, and that means long weeks of the kind of classic spring skiing that skiers traditionally love. She says the areas most likely to have less snowfall this season include the northern Rockies.

No worries about snow
Scott Johnson, marketing director for the Big Sky ski resort in Montana, says early-season bookings are very strong, and he is not worried about snow. He says that even if El Niño blows warm and dry this winter, advances in snowmaking equipment mean that most major Canadian and northern U.S. resorts open their seasons with a solid base of man-made snow. Besides, he says, with an average annual snowfall of 400 inches (1,016 centimeters), Big Sky would still have great skiing even if it only received half the usual snowfall.

Strong interest in Canada
Tour operators and resort managers in Canada also say they are getting strong bookings from both North Americans and skiers from Europe and Japan, partly because exchange rates are favorable. "A few years ago, we didn't have any foreign skiers. Now they're the highest growth part of our business," says Ted Allsopp, owner of Downhill Riders Ski and Travel Co. in Edmonton, Alberta.

Many skiers who have vacationed in leading resorts in the United States and Europe are looking to Canada for "new" ski destinations — from Newfoundland's Marble Mountain, hailed by regulars for the best spring skiing east of the Rockies and home of the Canada 1999 Winter Games, to British Columbia's Whistler, which

A SKIER'S GUIDE TO SURFING

Many skiers are turning to the Internet for the latest information about resorts, snow conditions, clothing, equipment and events. Here are a few World Wide Web sites for skiers who want to do a little surfing first:

Winter Sports Foundation. A nonprofit organization that encourages skiing and other winter sports. www.wintersports.org

Go Ski. Details on resorts and ski areas throughout North America. www.goski.com

Ski Travel Online. Information on ski trip packages. www.skito.com

Ski Tour Operators Association. Information on resorts and packages. www.skishops.com

Snowsports Industries America. Research and reports on the latest in ski equipment and clothing. www.snowlink.com

SNOWBOARDERS VS. SKIERS

The tension over the past few years between snowboarders and skiers has reached a détente, partly because ski areas have created separate areas for boarders and partly because more skiers have tried snowboarding.

"The tension is diminished, but it's still there sometimes," says Scott Johnson, marketing director at Big Sky ski resort in Montana.

The age aspects of the tension — Generation X snowboarders versus Baby Boomers on skis — has eased as the Gen'Xers have gotten older and as more Boomers have tried boarding and decided they liked it.

A big part of the appeal of snowboarding for skiers and would-be skiers is that many instructors believe snowboarding is actually easier to learn than skiing. "It helps that most people can become an intermediate snowboarder quicker than they can become an intermediate skier," Mr. Johnson says.

Many resorts have established "snowboard only" and "ski only" areas, or clearly marked areas where boarders and skiers can mingle. And some resorts charge additional fees, typically \$5 to \$10 more per day, for lift tickets for boarders.

offers a charming alpine village, a vertical rise of 5,000 feet (1,520 meters), nearly 7,000 miles (11,200 kilometers) of skiable terrain, 200 marked trails and 12 mountain bowls.

Both in the United States and Canada, many resorts are also trying to counter skiing's relatively exclusive image — only 8 percent of adults consider themselves skiers — by making the sport more affordable. To that end, many resorts have begun offering

lift-ticket packages, sometimes for resorts 1,000 miles away from each other, sometimes for regional slopes within a couple hours' drive.

An example is the Michigan Ski Industries Association "White Gold Card" program, which provides a ski tune-up and a lift ticket at 22 different Michigan ski areas for \$149, compared with the \$640 cost of purchasing a lift ticket at each of the 22 slopes. ■

RIDE, SLIDE, GLIDE: WHATEVER GETS YOU DOWNHILL

A look at the latest ski and snowboard equipment.

The rise of snowboarding in recent years has broken down some of the exclusivity — and snobbery — of both ski resorts and skiers.

Snowboarding, together with newer ride-slide-glide alternative ways of getting down a snow-covered hill, has shown tour operators that there are other ways to make money and demonstrated to skiers that there are other ways to have fun.

In the 1990s, according to industry insiders, the number of skiers in North America has remained relatively flat, but snowboarding has been growing at 20 percent a year.

Consequently, snowboarding has made resorts and ski equipment manufacturers wake up to the possibilities of other alternatives on the slopes: sledging, tobogganing, snow tubing and skiing with new high-tech parabolic, side-cut designs that make it easier for anyone and everyone to get down the hill in one piece. As a result, one reason more people are interested in skiing this year is that it means more than skiing.

Free spirits

"There's a much more free-spirited attitude in skiing nowadays," says Barb Jennings of Colorado Ski Country USA, which represents 28 major Colorado ski resorts. "What we're selling is uphill transportation. How you get down the hill is up to you."

Besides traditional long, straight skis and snowboards, more and more people are choosing to come down on new "shaped" skis, also called "hourglass" or "parabolic" or "side-cut" skis for the way they narrow at the center and then widen at the tip and tail.

Mary Jo Tarallo, spokeswoman for Snowsports Industries America, says shaped skis, typically shorter than traditional straight skis, allow skiers to learn more quickly and easily to carve better turns while maintaining control and stability. "It accelerates the learning process," she says.

The new ski designs are not just for beginners. "The shaped skis are easier to maneuver," she says. "You'll see lots of experienced skiers going without poles and swooping around the slopes this year. Instead of keeping your upper body pointed down the hill, with the severe side-cuts you can leverage around a turn and go almost parallel to the snow."

Ballroom dancing on the slopes

Ms. Tarallo, whose trade association represents several hundred U.S. and Canadian ski equipment and clothing companies, says another cutting-edge trend on the slopes this year will be small skis, sometimes barely longer than the foot, that have clips instead of bindings. Some look like little skis, others like little snowboards, and they offer the equivalent of in-line skating on snow.

Ms. Tarallo says that these small skis, called snow skates or ski boards, allow the kind of maneuverability that lets couples "ballroom dance" their way down the slopes.

She says ski clothing for this season will reflect a similar "anything goes" spirit. "It's a cross-over look," she says. "It used to be that snowboarders had the baggy, boxy look, instead of the sleek look of skiers. Now ski attire is looser, and boarding attire is getting tighter." This year's new outfits for the slopes often offer "a layering effect, almost like street clothes."

Many people are wearing fleece under a shell or jacket on the slopes, and then wearing the same clothes to go grocery shopping or to a nightclub. "Separate but matching vests, jackets and pants give flexibility not just from a fashion standpoint, but also from a weather standpoint," Ms. Tarallo says. ■

ALL IN THE FAMILY, ALL ON THE SLOPES

Many resorts cater to parents and their kids.

Skiing has always been a family activity, even when Mom and Dad didn't do much more than sit in front of the fire and pay the bills. These days, however, many resorts offer a wider range of activities that Baby Boomer parents can do together with their children.

"To bring families to you, you have to offer more things to do," says Katie Odell, director of communications for the Lake Placid Visitors Bureau in upstate New York. "Most families have no more than a couple of die-hard skiers who are cranking down the hill seven hours a day."

She says that Lake Placid resorts have banded together to offer lodging and activity packages that begin at \$174 for three days and include not only downhill skiing, but also cross-country, ice skating, admission to the winter sports museum, a tour of the ski-jump where the U.S. national team is training and a bobsled ride down the run that was used in the 1932 and 1980 Winter Olympics.

Ms. Odell says that a number of other alternative snow sports are booming, including snowmobiling, ice biking, back-country skiing, ice climbing, snowshoeing, horse-drawn sleigh rides and ski-joring — a revival of a turn-of-the-century sport in which skiers are towed by a rope tied to a horse. ■

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A GUIDE FOR ATHLETES

Here is the gender of participants in downhill skiing, snowboarding and cross-country skiing, as well as the average prices for equipment paid by consumers at specialty ski stores in 1996, according to Snowsports Industries America, a trade association of more than 800 ski equipment and clothing companies in the United States and Canada.

Downhill Skiers:
Cost of equipment: \$747 (skis \$320, boots \$248, bindings \$142, poles \$37).
Male: 60 percent.
Female: 40 percent.

Snowboarders:
Cost of equipment: \$603 (snowboard \$309, boots \$162, bindings \$132).
Male: 73.5 percent.
Female: 26.5 percent.

Cross-Country Skiers:
Cost of equipment: \$250 (skis \$112, boots \$78, bindings \$36, poles \$24).
Male: 53.7 percent.
Female: 46.3 percent.

"SKIING IN AMERICA"

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Lin Hong

The Associated Press

Year	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	

(Continued)

High	Low	Stock	Div	Yld	PE	52-Week High	52-Week Low	Latest Change
22 1/2	22	US Home	0.00	9	110	34 1/2	26 1/2	1/2
22 1/2	22	US Inds	0.00	9	93	34 1/2	26 1/2	1/2
22 1/2	22	US Tech	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Comm	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Govt	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Energy	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Health	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Media	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Retail	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Telecom	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Transp	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Util	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Auto	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Food	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Beer	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Bank	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Insur	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Real	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Cong	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Fed	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US State	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Local	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Int'l	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Emerg	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Disast	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Nat'l	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US World	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Asia	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Euro	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US LatAm	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Africa	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Oceania	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Middle	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Eastern	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Western	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Southern	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Northern	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Central	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US South	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US North	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US East	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US West	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US Midwest	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US South	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US North	0.00	9	101	34 1/2	26 1/2	1/2
22 1/2	22	US East	0.00	9	1			

Weakness Powers and Despite Drop

ASIA/PACIFIC

An Overbuilt Region Braces for Threat of Deflation

By Sandra Sugawara
Washington Post Service

TOKYO — The financial crisis that is sweeping Asia is leaving a serious problem in its wake: overcapacity that threatens to lead to a deflationary economy.

Overbuilding and overinvestment afflict a wide range of industries — semiconductors, cars, high-rise office buildings, among others — and analysts predict that plant closings and halted projects will rock the region's economies for some time.

Toyota Motor Corp. said Wednesday it would stop production at its two plants in Thailand at least until the end of 1997.

"If you look at the two key industries for Asia, which are cars and consumer electronics, demand used to rise by between 8 to 10 percent" per year, said Jesper Koll, an analyst in Tokyo for J.P. Morgan & Co.

"It is now stagnant if you're lucky. With that kind of shock on the demand side, you're going to see more production cutbacks, mothballing of factories, and further stoppage of production."

In the long term, the trend threatens to bring on a deflationary economy that stubbornly spirals downward. As business at factories and office towers falls, those properties de-

cline in value, placing pressure on banks that made loans with the factories or buildings as collateral. The companies lay off people, who therefore cannot buy goods, creating more pressure on other companies.

About the only good to come of it is that some prices fall, which means that people who have money can get condos, food and consumer goods for less.

Off and on, Japan has faced this threat since its markets peaked in 1990. That the country is still unable to rev up its economy illustrates the difficulties of climbing out of the pit.

Although the oversupply situation is becoming clearer by the day, countries and companies in Southeast Asia tend to delay cutbacks, hoping that another company will close its facility first and remove the need.

Dongbu Group, a South Korean conglomerate, plans to build a \$2 billion semiconductor plant, even though South Korea already has three major chip suppliers.

Likewise, Indonesia is continuing with its national Timor car program, even as foreign car companies are building or operating plants all over the region.

Initially the auto industry is likely to be hit the hardest, with production suspensions and possibly outright closures, said Russell Jones, an economist in Tokyo with Lehman Brothers

Inc. He predicted that other industries would try to survive by just cutting back.

"But if the crisis in Asia continues to develop, the other industries will go the same way, and this is a big worry, especially for Japanese companies," he said.

Starting in the late 1980s, when the steady rise of the yen made exports from factories in Japan too expensive, many Japanese companies began moving their plants to Southeast Asia to take advantage of lower labor and other production costs there.

Thailand, with its rising middle class of potential buyers, attracted a large number of auto companies — including Toyota, which built two plants there.

But this year, the economic turmoil changed the equation. Toyota sold just 3,300 cars in Thailand in this September, compared with more than 14,000 in September the previous year. With inventories building, Toyota decided to suspend production, although it did not lay off any employees. It will decide later whether to reopen in January.

With overall automobile sales in Thailand down 72 percent in September from the previous September, Honda, Nissan and Mitsubishi Motors have cut back production, and most have laid off temporary workers, contributing to a growing unemployment prob-

lem in Thailand.

[Mitsubishi said Wednesday the baht's plunge caused it to rack up 34 billion yen (\$278.7 million) in foreign exchange losses on money it borrowed to fund expansion in Thailand, Bloomberg News reported.

[The loss means that Japan's fourth-largest carmaker will post a loss of 40 billion yen for the year to March.]

Hino Motors Ltd., which produces trucks, said its sales target this year in Thailand is now 4,700 trucks, compared with 14,000 sold last year. It also has suspended production in Thailand. Hino's Thai troubles will reduce operating profit by about \$20 million this financial year, a spokesman said.

Meanwhile, hardened with huge inventories of cars, Japanese companies say they are looking to export some of this surplus from Southeast Asia. The question is, where? Japan would normally be a natural place. But sales of passenger cars dropped 14 percent in Japan in October, according to the Japan Automobile Dealers Association.

With the Japanese auto market in a slump, "that may well mean Japanese auto companies will try to sell more in the United States, which would clearly be politically incorrect," said Mr. Jones, referring to U.S. complaints about Japan's enormous trade surplus.

Investor's Asia				
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225		
17000	2150	21000		
15000	2000	20000		
13000	1850	19000		
11000	1700	18000		
9000	1550	17000		
7000	1400	16000		
1997	1997	1997		
Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong Hang Seng		10,412.56	10,681.75	-2.52
Singapore Straits Times		1,690.53	1,700.02	-0.56
Sydney All Ordinaries		2,571.00	2,545.80	+0.99
Tokyo Nikkei 225		16,533.87	16,448.05	+0.52
Kuala Lumpur Composite		731.04	733.76	-0.37
Bangkok SET		478.32	487.11	-1.80
Seoul Composite Index		553.87	555.74	-0.34
Taipei Stock Market Index		6,076.77	7,884.22	+2.70
Manila PSE		1,893.06	1,900.67	-0.40
Jakarta Composite Index		478.91	490.89	-2.46
Wellington NZSE-40		2,498.75	2,474.60	+0.98
Bombay Sensitive Index		3,763.96	3,778.23	-0.38

Source: Reuters International Herald Tribune

Property Owners Take A Hit in Hong Kong

Slumping Prices Cause 'Collective Funk'

Bloomberg News

HONG KONG — Joanne Cheuk thought she had made a one-way bet when she bought a home in Hong Kong, where land is so scarce that prices — already three times those in New York — seemed like they would rise forever.

Almost before her new paint could dry, turmoil swept Asia's financial markets, and the bottom fell out of the housing market. The 32-year-old investment banker watched her 4.5 million Hong Kong-dollar (\$582,000) apartment lose a fifth of its value within six months.

"I was completely freaked out," Ms. Cheuk said. Thousands just like her are also under water.

In a city where property agents outnumber grocers, the sudden slide in the real-estate market has thrown residents into a collective funk. Taxi drivers, shoe salesmen, purveyors of Havana cigars — just about everyone — says business will suffer.

Home prices, down 15 percent since June, may keep falling through the end of the year because of rising mortgage rates. Banks were forced to act after speculative attacks on the Hong Kong dollar drove banks' own borrowing costs as high as 300 percent last month.

In part, Hong Kong's case of the oerxes is pure psychology. After all, the city's richest executives — Lee Shau Kee of Henderson Land Development Co. and Li Ka-shing of Cheung Kong (Holdings) Ltd., among them — made their billions by investing in and developing property. Even the sale of a few apartments is scrutinized by local newspapers for clues about what these folk heroes are up to.

Yet the economic consequences are real. Half of Hong Kong's 6.5 million people own their homes, the biggest source of many people's personal wealth. Judging by the empty tables at restaurants around town, many people are feeling less expensive than they were just months ago.

If consumers pull back — and many economists say they will — the entire economy will suffer. Consumer spending accounts for about two-thirds of the economy.

"Property is such a huge component of the Hong Kong market, you can't avoid it," said Charles Schmin, a director at MBF Unit Trust Managers Ltd. "There's going to be some pain in the short term."

Granted, a decline in Hong Kong home prices is not all bad. The new government of this former British colony vowed to make homes more affordable when the territory returned to Chinese sovereignty July 1. For Tung Chee-hwa, Hong Kong's first Chinese leader, housing affordability is a big political issue.

The government said Thursday it would try to set land prices at market levels when it auctions two residential development sites this month.

"The government will not withhold the sale of a lot only because it fails to reach a certain price, unless the offers are ridiculous," said Bob Pope, government director of lands.

Mr. Tung said the government had not altered its land-allocation policy to account for the stock-market slump and predictions of falling property prices.

If unchecked, Hong Kong's high property prices may tarnish the city's reputation as one of Asia's business and financial hubs. Companies will go where rents are cheaper, especially as weakening currencies across Southeast Asia give them more bang for their buck elsewhere.

"Hong Kong has become less and less cost-competitive in relation to its Asian neighbors," said Martin Tacon, an analyst at Credit Suisse First Boston (Hong Kong) Ltd. "It's become a much more expensive place to do business."

Australia Can Absorb Crisis, Bank States

Compiled by Our Staff From Dispatches

SYDNEY — Currency troubles in Southeast Asia pose the biggest single uncertainty for Australia's economy over the next two years, the country's central bank said Thursday.

Still, the country is in good shape to withstand any fallout from slower growth in the region, the bank said in its twice-yearly statement on interest rate policy.

"In the long run, I'm still very optimistic about Asian growth prospects. I don't see the end of the Asian miracle," said Ian Macfarlane, governor of the Reserve Bank of Australia. The big unknown is whether the crises will be contained in the four countries first affected — Malaysia, Thailand, the Philippines and Indonesia.

"While the acute difficulties were likely to be contained to the four countries initially hit by the turbulence, the implications for Australia were likely to be reasonably contained," the bank said. "The danger now is that financial fragility, and/or tight financial policies in the wake of the market



Ian Macfarlane, governor of the Reserve Bank of Australia, left, said Thursday that he didn't see the end of the Asian miracle.

volatility of recent months may retard growth in a broader group of countries."

The four countries initially caught up in the turmoil take about 10 percent of Australia's exports. Another 20 percent go to Northeast Asia, the bank said.

"Recent events are likely to result in a marked slowing in growth in some of Australia's Asian trading partners, with consequent loss of export sales and reduced income

flows from foreign operations of Australian firms," the bank said.

Some companies are already bearing the brunt of investor concern. Coca-Cola Amatil Ltd., which earlier this year took control of the soda bottling operation of San Miguel Corp. in the Philippines, has seen as much as 40 percent stripped from its share price since July 30, amid concern the falling peso will reduce the company's earnings.

(Bloomberg, Reuters)

REAL ESTATE: Investment 'Vultures' Scour the Globe for Property Bargains

Continued from Page 15

That is where Wall Street first came in. Investment bankers started buying Resolution Trust loans in bulk for relatively little money, breaking up the blocks, restructuring the loans and selling them off.

Pension funds were attracted by the returns Wall Street was getting, but that was not the only reason they favored the funds that investment banks started to raise. State and corporate retirement plans had traditionally bought buildings directly, or through managers who were paid no matter how successful — or unsuccessful — the investment turned out to be.

For many retirement plans, this strategy has been a bomb.

But Wall Street set up its real-estate funds the same way it structured funds that bought stocks or private companies. The investment banks had to put up some of their own money — so they were at risk, too — and they hit pay dirt only if the investment was very successful. They typically take 20 percent of the profit off the top and a pro rata share of the fund's gains. So the interests of the managers and the investors are aligned.

More recently, the huge run-up in the stock market — and its recent volatility — have also helped fuel pension funds' interest in real-estate funds. "What's driving it is some concerns about the valuations of fi-

nancial assets," said Kurt Smith, director of real-estate consulting for Frank Russell Co., which advises pension plans.

But the amount of money moving into the funds and into real estate in general is making Mr. Smith and advisers like him a little cautious.

The Institutional Real Estate Letter reported this summer that eight funds were trying to raise \$2.5 billion from investors, and, all told, opportunity funds had \$8.5 billion on hand, which, with borrowing, would allow them to buy \$34 billion of property — more than the \$29.8 billion of office-building purchases in the first nine months.

What kind of property? Luxury hotels have become popular of late; Blackstone recently bought four Swissôtels, including the Drake on Park Avenue in midtown New York, while Colony owns both the Stanhope, at Fifth Avenue and 81st Street, and a stake in the company that runs the exotic Aman resorts in the Far East.

Suburban office buildings have fallen out of favor, but towers in downtowns remain attractive, especially if they have some sort of financial or operating problem, like outdated facilities or big vacancies.

In the past the companies were usually in trouble, but today they may be healthy firms looking to expand or to set up joint ventures with the funds to buy property.

Colony has probably gone

farthest afield in terms of the kinds of investments it makes. "We concentrate a lot on businesses that use real estate, not real-estate businesses," said Thomas Barrack, chairman of Colony Capital, explaining why his firm bought a chain of movie theaters in England, a race track in California, and a stake in some duty-free shops in airports.

International investing is where many of the funds are pinning their hopes, even though, as Richard Gunthel, senior managing director of Bankers Trust/Alex. Brown, a unit of Bankers Trust New York offices, a number of U.S. firms that have tried it have failed.

But others have succeeded;

Blackstone, for example, this year bought Descartes Tower in Paris, IBM's European headquarters.

Latin America is proving popular, and funds have just started dipping their toes into the deeply troubled real-estate market in Japan, where Goldman Sachs recently bought a loan portfolio from a bank.

And just when all the easy pickings seemed to be disappearing, new opportunities may be about to open up from an unexpected quarter.

The recent financial problems in the countries of Southeast Asia, particularly in Thailand and Malaysia, look likely to provide the vultures with some of their traditional fare.

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Yen's Weakness Powers Profit At Toyota Despite Drop in Sales

Compiled by Our Staff From Dispatches

TOKYO — A weak yen and successful cost-cutting program helped Toyota Motor Corp. increase net profit 43 percent in the half-year ended Sept. 30 despite a drop in sales, the company said Thursday.

Toyota said net profit jumped to 187.56 billion yen (\$1.54 billion), while operating profit rose 39 percent to 285.28 billion yen. Sales fell 7 percent to 3.80 trillion yen. The results were for the parent company only and did not include Toyota subsidiaries.

Toyota revised down its domestic sales outlook for the full year in the face of Japanese consumers' loss of appetite for luxury goods. The company now expects to sell 2.05 million cars for the financial year, compared with an earlier estimate of 2.24 million. But the company said it expected exports to surge 16 percent for the full year, to 1.52 million vehicles. In May, the company forecast full-year

exports of 1.4 million.

Toyota said the weak yen generated first-half savings of 50 billion yen on an operating profit basis. The company had assumed an average dollar rate of 117 yen for the financial year. The dollar closed in Tokyo on Thursday at 123.20 yen. The weak yen makes Toyota's products more competitive in overseas markets.

Toyota's earnings announcement came right after the Tokyo stock market closed. Shares in the company ended up 30 yen at 3,330.

Seiji Sugiyama, an automotive analyst at Nomura Securities, said Toyota's expectations of a slightly higher yen, which would make domestic production and sales efforts relatively more expensive, forced it to be frugal.

"Toyota has room to improve its earnings," he said, adding that the company's forecast for an average dollar rate of 117 yen for the full financial year was "quite conservative." (AP, Reuters)

Bank Hofmann is proud to announce the opening of its office in Geneva. Mr Charles Nehme and his colleagues will take great pleasure in offering a full range of private banking services to our international clientele in Geneva.

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WORLD ROUNDUP

For PSG, a Victory by the Rules

Brewers Will Move To National League

BASEBALL The Milwaukee Brewers, as expected, are moving to the National League.

Major League Baseball's executive council made that move official Wednesday, a high-ranking official of another team said, by voting unanimously to make the Brewers the National League's 16th team for the 1998 season. No announcement was made, but the council informed the clubs of its action.

It was the first time in Major League history that owners had voted to move a team from one league to the other.

The Brewers, who have played in the American League since 1970, will become the sixth team in the NL Central Division, joining Houston, Pittsburgh, St. Louis, Cincinnati and Chicago. The West and East divisions will each have five teams.

The Brewers' move will trigger two other changes: The Detroit Tigers going from the AL East to the AL Central, taking the Brewers' spot, and the expansion Tampa Bay Devil Rays from the AL West to the AL East.

Milwaukee was once a National League city. The Braves, between Boston and Atlanta, played there from 1953 through 1965. While they were there, the Braves went to the World Series in two successive seasons, beating the New York Yankees in 1957 and losing to them in 1958. (NYT)

Albert Calls Testimony A 'Complete Fabrication'

Marv Albert, in his first interview since pleading guilty to assault in a lurid sex case, showed little remorse and said both his former lover and a second accuser were liars.

"What happened, what she did to me, is just unbelievable," the well-known sportscaster said in an interview with ABC's Barbara Walters to be broadcast in the United States on Friday night.

The 56-year-old Albert cut short his trial two months ago, pleading guilty and receiving a year of probation. NBC fired him shortly after he made his plea.

A longtime lover, Vanessa Perach, had accused Albert of hitting her on the back more than a dozen times and forcing her to perform oral sex in a Virginia hotel room last February. She said he was angry when she wouldn't agree to bring in another man for three-way sex. Albert said he never tried to force oral sex on Perach and that she had asked him to bite her on the back.

Albert also called the accusation of another woman, Patricia Masten, who said he made a pass at her in a Dallas hotel room while he was exposed and wearing women's underwear, "a complete fabrication." (AP)

Korda Wins in Moscow

TENNIS Second-seeded Petr Korda of the Czech Republic beat Alex O'Brien of the United States 7-5, 6-3, on Thursday to advance to the semifinals of the \$1,125,000 Kremlin Cup in Moscow. Korda will face Wayne Black of Zimbabwe, who defeated Daniel Vacek of the Czech Republic 6-1, 6-2, in Thursday's other quarterfinal match. (AP)

By Peter Berlin
International Herald Tribune

PARIS — If you like writing rules, then there is probably a position for you in one of the governing bodies of world sport. Indeed, the booming European soccer industry seems to be generating regulations, and cash, at the same breakneck pace.

In this season's Champions League, Bayern Munich and Paris-Saint Germain fell afoul of the rulesmakers' attention to detail. Bayern and PSG, like Sparta Prague (the Czech entry in the Champions League) and AC Milan (a team that used to play in the Champions League) are sponsored by Opel, a unit of the U.S. automaker General Motors. But UEFA, the governing body of European soccer, fears that it would look suspicious if two competing teams took the field wearing the same sponsor's name, so it passed a rule to forbid it.

When the two teams met in Munich last month in Champions League Group E, PSG, the visiting team took the field with old-fashioned unsponsored shirts. This rule is not to be confused with the one that made Liverpool play in unsponsored shirts when it visited PSG in the Cup Winners Cup last season. Liverpool, which is sponsored by Carlsberg, the Danish brewer, fell afoul of another set of legislators: the French government, which forbids tobacco or alcohol sponsorship of sports clubs.

Of course, the blank space on the PSG shirts in Munich had not prevented the Opel name, plainly visible on Bayern's shirts, from appearing in practically every camera shot. But the PSG players looked fairly odd to fans so accustomed to seeing sponsor-emblazoned jerseys.

Bayern clearly gave this matter some thought, for in its match in Paris on Wednesday night — when PSG, as the

home team, wore its Opel shirts — the German team decorated its jerseys with a slogan saying that sportsmen supported organ donors. The club presented this as a charitable action.

Cynics, however, might suspect it was a calculated insult aimed at PSG, which over the last few years has often looked like a team that needed a heart transplant. Its failure to win the French national league over the past three sea-

THE CHAMPIONS LEAGUE

sons has been largely the result of a tendency to surrender without a fight against less talented teams in key matches.

Its 5-1 mauling in Munich in October had the smell of another PSG capitulation. But, Ricardo, the club's second-year manager, has said he likes the character of the players he now has. Moreover, as against AEK Athens in the Cup Winners Cup last spring and Steau Bucharest in the Champions League qualifying round this fall, PSG responded to a disastrous first match with a fiery and incisive performance, soundly beating Bayern, 3-1, on Wednesday night.

The player most responsible was Rai, the Brazilian who is supposed to provide PSG's brains. But he was also its heart-beat on Wednesday, at the center of almost every good attacking move.

The club no longer has a Youri Djorkaeff or a Leonardo to take the creative load off Rai's shoulders. The team is also lacking its two best strikers, Patrice Loko and Marco Simone, two men who can make up for failings elsewhere with a moment of inspiration in front of goal.

Instead, the statuesque Rai was surrounded by eager smurfs. Apart from 19-year-old Edouard Cisse, who played a defensive role in midfield, all the other midfield and attacking PSG players are

much shorter than the 1.90-meter (6-foot, 2-inch) Rai. In addition to brains, the Brazilian also had to provide the attacking brawn and he fulfilled his duties with tireless verve.

Before the match, Jim Latham, manager of GM's public relations for sports in Europe, had spoken about how well the images of Bayern and Opel complemented each other. Bayern, he said, had an image as a rich, spoiled, glamorous, star-studded team, while Opel was a down-to-earth brand.

On Wednesday night, Bayern looked a bit like a plodding gas guzzler, big and strong — with, in soccer parlance, good engines — but lacking acceleration and maneuverability. Until Mario Basler, a German international midfielder, appeared as a second-half substitute, Bayern's passing was obvious and unimaginative. Most surprisingly, in that it was quite unlike most German teams, it was Bayern that lost heart when things went wrong. Giovanni Trapattoni, the club's Italian coach, admitted as much when he said that PSG's second goal, after 73 minutes, "undermined" his team.

PSG took the lead after 18 minutes. Rai beat his defender and angled a fiendish low cross into the Bayern goalmouth. Florian Maurice missed the ball, but Franck Gava, behind him, did not and scored. Bayern found itself level when, after an ugly and confused scramble in front of PSG's goal, Cisse put the ball into his own net.

Maurice gave PSG the lead again after another goalmouth scramble, and PSG finished the scoring two minutes later when a pass by Rai left Jerome Leroy one-on-one against Olivier Kahn, the Bayern goalkeeper.

The game ended with the crowd singing "Brazil, Brazil." Rai had produced more ball tricks than the whole Bayern team had managed all evening.



Franck Gava of Paris-Saint Germain celebrating after scoring his team's first goal against Bayern Munich. PSG rolled to a 3-1 victory.

The Associated Press reported:

Feyenoord 1, Manchester United 3. The English champion took control of its Group B match in Rotterdam with a hat-trick by Andy Cole. Igor Korneev scored for Feyenoord with two minutes left to play in the match.

Juventus 3, Koosje 2. Juventus kept pace with Manchester United in Group B with a nerve-racking victory over the group's bottom team in Turin. Alessandro Del Piero and substitutes, Nicola Amoroso and Daniel Fonseca gave Juventus a 3-0 lead.

Hurricanes Blow Hot

Kapanen's 2 Goals Shoot Down Red Wings

The Associated Press

Sami Kapanen scored two goals in the final 3:55 as the Carolina Hurricanes defeated the defending Stanley Cup champion Detroit Red Wings, 3-1.

The Red Wings, 6-0 on the road before the loss, fell one victory short of matching Toronto's 57-year-old NHL record of seven straight road triumphs to start a season.

Kapanen scored his team-leading sixth goal of the season on Wednesday night just 1:28 after Kris

of the third period, giving the host Islanders a tie with the Oilers.

Canadians 4, Coyotes 2. In Montreal, Shayne Corson had a goal and an assist as the Canadiens beat the Coyotes for their third straight victory.

Valeri Bure and Vladimir Malakhov also scored with the man advantage. Martin Rucinsky had the other goal for Montreal, which ended a five-game homestand at 4-1.

Rangers 4, Avalanche 2. Wayne Gretzky and Niklas Sundstrom each extended their point streaks to six games as the Rangers handed Colorado its first home loss this season.

Sundstrom's fifth goal of the season broke a 1-1 tie 1:16 into the second period. Gretzky scored an empty-net goal with 29 seconds remaining. Gretzky also had two assists.

Mighty Ducks 5, Lightning 2. Teemu Selanne scored twice in the third period to extend his goal-scoring streak to eight games as host Anaheim beat Tampa Bay.

Ted Drury scored twice in a 47-second span of the second period to tie the game and Tomas Sandstrom added a third-period goal, helping the Ducks extend Tampa Bay's winless streak to a club-record 10 games (0-9-1).

Maple Leafs 4, Flames 3. In Calgary, Wendel Clark scored the tiebreaking goal at 5:28 of the third period to give Toronto its third victory of the season over the Flames.

Mats Sundin scored twice, giving the Leafs leads of 2-1 and 3-2 in the second period. Matt Schneider added his first of the season for Toronto.

NHL ROUNDOUP

Draper had tied the score at 1. Jeff Brown fed Kapanen with a perfect pass on a 2-on-1 break and the right wing beat Chris Osgood up high.

Kapanen and Brown teamed up again with 1:58 left for the game-clincher. Kapanen tipped in Brown's shot from the point.

Stars 5, Penguins 2. Jo Nieuwendyk had his first hat trick in more than two years, leading the streaking Dallas over host Pittsburgh. The Stars improved to 5-1-1 in their last seven games and concluded a 3-1-1 road trip.

Devils 4, Panthers 2. In Miami, Scott Niedermayer scored two goals and Randy McKay had a goal and an assist to lead New Jersey past slumping Florida.

With New Jersey leading 3-2, John MacLean added an open-net goal with 30 seconds left for his 700th career point (347 goals, 353 assists).

Islanders 4, Oilers 4. Travis Green capped a three-goal comeback at 4:50

Johnson, Manager of the Year, Quits

By Murray Chass
New York Times Service

In a bizarre development unprecedented in baseball history, Davey Johnson resigned as manager of the Baltimore Orioles just as he was about to be named the American League manager of the year for guiding the team to the league's best record.

Johnson's decision to walk away from the last year of his three-year, \$2.25 million contract was not a complete surprise. Peter Angelos, the Orioles' owner, expressed dissatisfaction last week with the way Johnson had handled \$10,500 in fines against Roberto Alomar, the second baseman, in July. Johnson directed Alomar to pay the fines to a foundation of which Johnson's wife is managing director.

In a letter that was sent to Angelos by

fax about noon Wednesday, Johnson said he did not believe his action was improper, but conceded that it could "create the appearance of impropriety." In the letter, Johnson offered to resign as long as Angelos did not block his efforts to get another managing job for next season.

In a reply less than three hours later, Angelos accepted Johnson's resignation and told him he was free to take a job elsewhere.

Johnson, who also had controversial dismissals after winning seasons with the Mets and the Cincinnati Reds, instantly became a leading candidate for the Toronto Blue Jays' vacancy. He could also be considered for the Chicago White Sox job. Gord Ash, general manager of the Blue Jays, said he tried to reach Johnson Wednesday.

"I have not contacted him, but I

will," Ash said by telephone from Toronto.

The leading candidate for the Orioles' sudden opening is Ray Miller, the pitching coach, whom Angelos hired last winter after telling Johnson he had to dismiss Pat Dobson from that position. But even promoting Miller could trigger further fire in the Orioles' family.

The general manager, Pat Gillick, and his assistant, Kevin Malone, are believed to favor Rick Down, the team's hitting coach, who is one of the finalists for the manager's job with the expansion Tampa Bay Devil Rays.

By the time Angelos accepted Johnson's resignation, Jack O'Connell, secretary-treasurer of the Baseball Writers' Association of America, had informed Johnson of the manager of the year halloing. Johnson, who led the Orioles to 98 victories and the East Division championship and had the team in first place every day of the season, received 10 first-place votes and 88 points.

Buddy Bell of Detroit was second with 50 points and Phil Garner of Milwaukee third with 42. The panel of 28 writers, two from each league city, gave Garner five first-place votes, four each to Bell and Terry Collins of Anaheim, three to Lou Piniella of Seattle and two to Mike Hargrove of Cleveland in voting conducted before postseason play.

The coincidence of the timing of the announcement and Johnson's offer to resign was not lost on Angelos.

"Certainly there is strong indication the timing was being considered," Angelos said by telephone from Baltimore. "The timing might not be accidental. But that's his prerogative. This chapter is over. I wish him well."

Johnson, 54, said he did not time his resignation offer to coincide with the award, which he captured for the first time.

"The letter was sent out prior to the call," he told reporters. "No slap at the award, but the most important thing out my mind was either working it out with the Orioles, getting support, or letting him make a change if he wanted to make a change. Whether I was manager of the year I don't think was going to affect his decision."



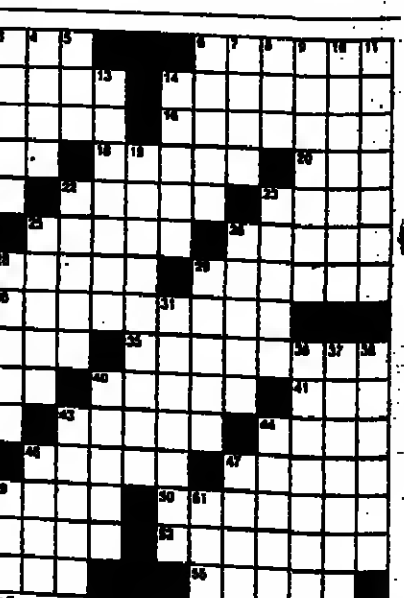
Davey Johnson, with his wife, Susan, meeting the press in Orlando, Florida, to announce his resignation as manager of the Baltimore Orioles.

CROSSWORD

- ACROSS**
- Partner of burn
 - "Enough already!"
 - Garden tool
 - Family need
 - 1959 hit TV theme song
 - Connections
 - Semicircular recesses
 - Some trumpets
 - No goodnik
 - Last Pope to be seated
 - Task
 - Objectionable
 - Switzerland's Bay of —
 - Vocal effect
 - Lost cause
 - Dig discovery: Var.
 - As much
 - NBC slogan
 - "On the Sunny Side of the Street" songwriter
 - Charger
 - Heritage
 - Range rovers
 - Age
 - Accepts defeat
 - By accident, old-style
 - Formal accessory
 - Miss
 - Kind of pool
 - "Michel Strogoff" author
 - Basque's kingdom
 - Blue Jay's song?
 - Opposing forces
 - Harder on the ears
 - "Archie" and "Cathy"
 - Go well together
 - Product checkers
 - Put the finishing touches on
 - Turn over a new leaf
 - Loose talk?
 - Blown about
 - Swagger
 - 850 Turbo, e.g.
 - Gorillas
 - Third-century invaders
 - 1940's South African P.M.
 - Like Dilbert
 - Near the beginning
 - Minstrel troupe member
 - Care fluid
 - Sill
 - Prepare to change careers
 - Came across as
 - Win over
 - Pikas' kin
 - Signs up
 - Smarts
 - Boring one
 - Aspen alternative
 - Horror's last words
 - Part of the ear

Solution to Puzzle of Nov. 6

JAPANESE ZAPS ARAB
ALARM UTAH SABA
REGAL LOCO SMUT
STIRRUPTADOLE
OEN THROES
HEIMSUPREME
EXPLOS PEONY KFO
BEST WARMS MORA
ACE GENIE VICES
SADDLELIGHTS
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ORIOLESDUDOTS
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SPORTS

Celtics Wilt As Mashburn Fuels the Heat

The Associated Press
Jamal Mashburn scored 32 points, including 10 in a row in the fourth quarter, as the Miami Heat beat the Boston Celtics, 90-74.

Tim Hardaway had 14 points and 10 assists for Miami on Wednesday night. Antoine Walker had 20 points and 13 rebounds to lead Boston, but was only 8-of-24 from the field.

The Celtics have lost three consecutive games since the upset of the defending NBA champion Chicago Bulls on opening night.

Hawks 93, 76ers 88 Dikembe Mutombo had 20 points, 16 rebounds and eight blocks as visiting Atlanta re-

NBA ROUNDUP

mained undefeated in the first regular-season game for one of the NBA's two female officials, Dee Kanter.

Steve Smith had 22 points, and Christian Laettner scored 20 as the Hawks improved to 4-0.

Allen Iverson had 21 points and 11 assists for the 76ers, who remained winless in three games.

Hornets 110, Mavericks 103 Glen Rice scored 28 points, and Dell Curry added 23 as host Charlotte defeated Dallas. Khalid Reeves scored 24, and Michael Finley had 20 for Dallas.

Pacers 89, Pistons 87 Rick Smith scored 12 of his 25 points in the fourth quarter to lead Indiana over host Detroit.

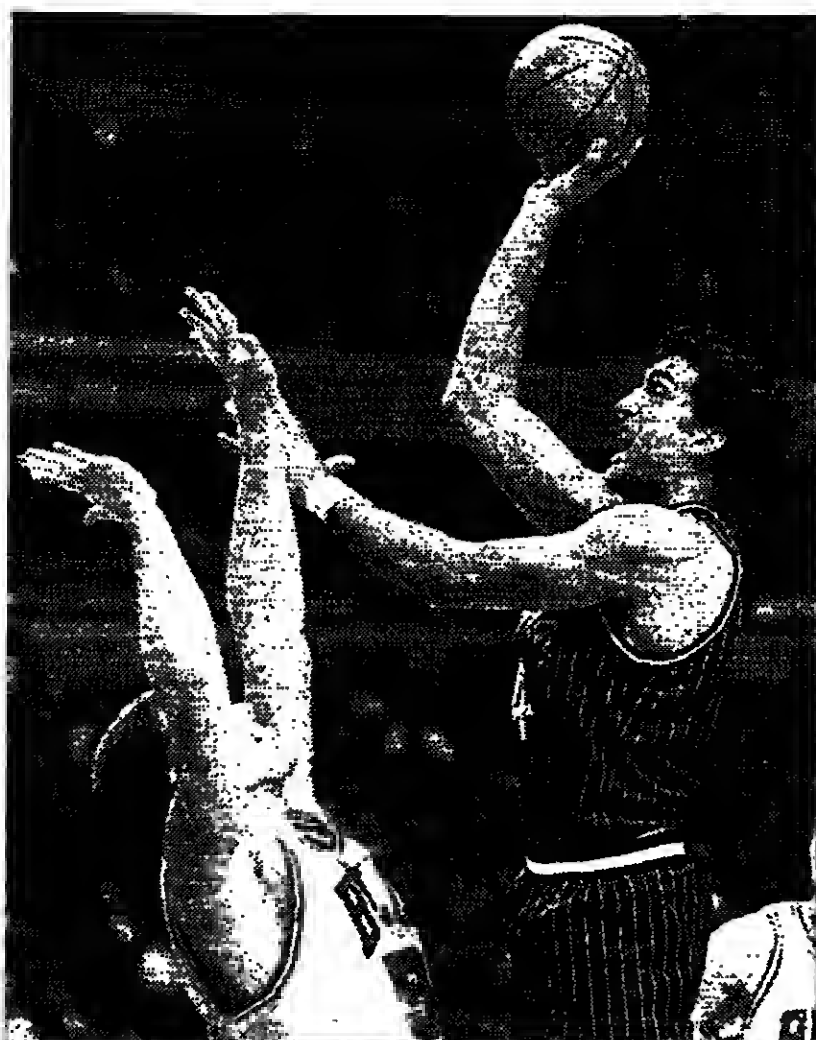
Grant Hill had 29 points, eight assists and eight rebounds for the Pistons.

Nets 112, Warriors 96 The New Jersey Nets improved to 3-0 for the first time in franchise history by beating visiting Golden State behind a balanced attack.

The Warriors fell to 0-4 under new coach P.J. Carlesimo, matching the team's worst start ever.

Chris Gatling had 21 points, and Sam Cassell added 19 for the Nets, who won only 26 games last year in John Calipari's first season as coach.

Bulls 94, Magic 81 In Chicago, Michael Jordan had 29 points and 17 rebounds as the Bulls continued their mas-



Rony Seikaly, the Orlando Magic's center, shooting a jumper over Chicago's Joe Kleine, who led the Bulls to victory by scoring 34 points.

tery of the Magic. Including a sweep in the 1996 Eastern Conference finals, Chicago has beaten Orlando 11 consecutive times by an average score of 104-88.

The two-time defending NBA champion Bulls, who will be without injured Scottie Pippen for about two more months, are 3-0 since being stunned at Boston in the season opener.

Joe Kleine of the Bulls led all scorers with 34 points.

Spurs 67, Grizzlies 79 David Robinson had 22 points and 17 rebounds as host San Antonio held off Vancouver. Tim Duncan added 19 points for the

Formula One's Tobacco Addiction

Vantage Point/TAN THOMSEN

International Herald Tribune
LONDON — Europeans, at least those who notice, have been watching aghast in recent years as American sports teams have moved from one city to the next.

For example, the Los Angeles Rams picked up and moved to St. Louis, the Cleveland Browns abandoned their lifelong fans by moving to Baltimore for more money, and both the Minnesota Twins and Minnesota Vikings are threatening to leave town unless Minneapolis builds them more profitable stadiums.

Europe's top soccer clubs have yet to hold their cities hostage. Can you imagine Manchester United leaving Manchester? FC Barcelona leaving the Nou Camp?

But Formula One auto racing, the biggest single franchise of them all, has succeeded in putting an economic gun to the head of Britain, saying: "Allow us to accept advertising from cigarette companies or else."

Or else? Or else Formula One will pack up and leave Britain, where seven racing teams are based year-round. Four of them — this year's Formula One champion Williams, plus McLaren, Benetton and Jordan — rely to varying extents on tobacco sponsorship. By outlawing tobacco advertising, the country would risk losing 50,000 jobs in Formula One, plus 150,000 part-time jobs. Exports worth \$1.5 million annually might vanish.

European Union health ministers were set to agree next month to a ban on tobacco advertising. In a broader response, Formula One has been threatening to move its races out of the EU to more welcoming regimes in Eastern Europe and Asia. In Asia, however, Formula One was soon going to face anti-tobacco legislation as well.

So, Formula One attacked the most vulnerable link in the European directive against tobacco advertising, a ban seven years in the making.

The new Labour government had promised in its election manifesto to ban tobacco advertising. But once it took office, it didn't want to lose an important, glamorous industry — Formula One — whose departure would have been like movie studios abandoning

Hollywood, or the Yankees leaving New York.

Britain thus decided unilaterally this week that Formula One should be exempted from the European Union ban on tobacco advertising. The result may be no advertising ban whatsoever on cigarette companies across the Continent.

"The new U.K. position could signal an end to the directive," a European Commission spokeswoman said. "It will be very difficult to get other member states to agree to an exemption."

Let's say that the directive goes

Formula One has put an economic gun to the head of Britain.

through with a special provision for Formula One, a prominent media lawyer in London mused on Thursday. Then, other professional sports like volleyball and basketball would apply to the European Commission or European Court for the right to be treated under the same laws that apply to Formula One. In this scenario, the body that tried to outlaw cigarette advertising would find itself inevitably and ironically affirming the rights of all sports to promote the use of tobacco.

Formula One was never going to walk away from its tobacco advertisers without a hard political fight. In return for embroiling or pausing their advertisements on the uniforms drivers and their crews, the cars, the background sideboards and even the beautiful women who award the trophies, the cigarette companies provide Formula One with between \$200 million and \$330 million in sponsorships annually, according to Max Mosley, president of the International Automobile Federation, or FIA, motor racing's ruling body.

Perhaps no other sport in Europe is as sophisticated in its marketing as Formula One. Sports Marketing Surveys, a consulting firm, claims that 57 percent of European men between 18 and 55 years

of age watch Formula One. Its races visit every continent but Africa. Even the Saturday qualifying sessions have drawn TV viewers around the world.

All of this makes hash-browned potatoes of the Oakland Raiders' hippy-hoppy moves to Los Angeles and back to Oakland again. It is one thing for a city to lose its NFL franchise. It is another thing for a country to lose an industry, or for a continent to lose an entire sport, as Formula One has threatened.

I used to think that Art Modell, who self-indulgently turned the Cleveland Browns into the Baltimore Ravens, was the worst kind of ogre, a man who would deprive his loyal customers of their team. Without the NFL in town, there is an emptiness in Cleveland this time of year (not that there isn't always an emptiness to Cleveland).

My disgust was thickened upon realizing that European soccer clubs belong to communities, not in the sense of ownership, but because they would lose their value by going anywhere else.

But now I come to find that Modell is a two-bit player. It turns out that American sports owners don't know the first thing about pointing a gun to the head of government. Why stop at holding the city of Cleveland hostage to the demands of a single football team? Why not instead threaten to move the whole National Football League to Japan?

THE NFL AND BASEBALL can't leave America, obviously, because they have nowhere else to go. But let's see how the NBA does with its plans for globalizing its version of basketball-as-entertainment. If other markets are created internationally, if, say, Asia and Europe somehow became hungry for the game, then suddenly the NBA itself becomes a franchise with the ability to move elsewhere. It can go to the White House and say, give us what we want or we're going to move the Boston Celtics to Berlin, the Los Angeles Lakers to Tokyo and the New York Knicks to London.

I'm not saying it's going to happen. But for our younger readers, check back in 50 years.

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE					Boston 20 (W)		Golden State	
ATLANTIC DIVISION								
	W	L	Pct		6-2			
New York	3	0	1.000		6-2	Mar 14		
Miami	2	1	.667		1	N.J.: Golden		
New York	2	1	.667		1	Rebounds		
Washington	2	1	.500	1 1/2		New Jersey		
Orlando	1	2	.333			Mar 14		
Philadelphia	1	2	.333			Jersey 32 (D)		
CENTRAL DIVISION								
	W	L	Pct					
Chicago	4	1	1.000	—		At Seattle 8-1		
Atlanta	3	1	.750	1		Mar 14		
Minneapolis	3	1	.667	1 1/2		Atlanta 20 (W)		
Charlotte	2	2	.500	2		Weather-snow		
Detroit	2	2	.500			(Playoff 0-1)		
Indiana	2	2	.500	3		Detroit		
Cleveland	1	3	.333	2 1/2		Charlotte		
Toronto	1	3	.333	2 1/2		At Denver 7		
WESTERN CONFERENCE								
MIDWEST DIVISION								
	W	L	Pct					
Los Angeles	3	1	.750	—	6-8	Mar 12-31		
Dallas	3	1	.750	1		Mar 12-31		
Phoenix	2	1	.667			Charlotte 21 (W)		
San Antonio	2	1	.667			Indiana 19 (W)		
Utah	1	2	.333	1 1/2		At Seattle 10-1		
San Antonio	1	2	.333	1 1/2		Mar 11-13		
San Antonio	1	2	.333	1 1/2		Hill 61 (W)		
San Antonio	1	2	.333	1 1/2		17-21 (W)		
San Antonio	1	2	.333	1 1/2		San Antonio 23		
San Antonio	1	2	.333	1 1/2		34 Lockport 99		
PACIFIC DIVISION								
	W	L	Pct					
Los Angeles	2	0	1.000	—		Chicago		
Portland	2	0	1.000	—		Chicago		
Seattle	2	0	1.000	—		8 Seattle 9		
San Francisco	2	0	1.000	—		0 San C: Jordan		
San Francisco	2	0	1.000	—		14 Bulls 10		
San Francisco	2	0	1.000	—		Chicago 33 Lh		
San Francisco	2	0	1.000	—		(Hardaway 3)		
San Francisco	2	0	1.000	—		14 Bulls 10		
WESTERN CONFERENCE RESULTS								
	W	L	Pct					
San Antonio	22	25	21	22-49		San Antonio		
San Antonio	18	12	25	25-47		V: Pveer 8-1		

ICE HOCKEY

NHL STANDINGS

CONFERENCE	TEAM	W	L	T	PCT
EASTERN	New York	11	15	4	.422
	Philadelphia	11	15	4	.422
	Pittsburgh	11	15	4	.422
	Washington	11	15	4	.422
	Atlanta	11	15	4	.422
	Florida	11	15	4	.422
	Tampa Bay	11	15	4	.422
	St. Louis	11	15	4	.422
	Calgary	11	15	4	.422
	Edmonton	11	15	4	.422
WESTERN	Los Angeles	11	15	4	.422
	San Jose	11	15	4	.422
	San Diego	11	15	4	.422
	Phoenix	11	15	4	.422
	Colorado	11	15	4	.422
	Chicago	11	15	4	.422
	Minnesota	11	15	4	.422
	St. Louis	11	15	4	.422
	Calgary	11	15	4	.422
	Edmonton	11	15	4	.422

SOCCER

CHAMPIONS' LEAGUE

30-12-14	Colorado	7	3	6	20	51	42
30-12-14	Anchorage	4	6	4	16	37	37
30-12-14	Las Vegas	1	10	4	10	25	44
30-12-14	San Jose	1	10	4	10	25	44
30-12-14	Edmonton	2	7	3	13	33	43
30-12-14	San Jose	4	10	1	9	34	46
30-12-14	Las Vegas	3	10	2	9	42	54
30-12-14	Vancouver	2	10	3	10	27	57

WEDNESDAY'S RESULTS									
Ottawa		2		1-3					
Pittsburgh		2		0-6					
1st Period: D-Newbury 1-0 (Verbeke, Luchini); P-Pajer 6 (Johansson, D-Peres, D. Mienkewycz) (Snyder, Zambor, A-Pajer, J. Johansson, Siegf, 2d Period: D-Verbeke 1 (McKichuk), Hoffman, 3d Period: D-Newbury 1 (McKichuk), Hoffman, 2-0; E-Erley 1 (WohlfKichuk, Carlsomann) (er). Shots on goal: 1-4-8-5-2, P-7-9-4-1-6-2.									
D-Bellmer, P-Wiegand, Stauda.									
Detroit		0		0-1					
Calgary		1		2-3					
1st Period: None, 2d Period: Carling, Kras, 3d Period: 1-0 (D-Peres, D-Prager, 2. Wierzycki, Ghrichak), 3. Carling, Carlsomann, Brown) Shots on goal: D-5-5-10-3, P-7-12-5-2-1									

CRICKET

JUBILEE TOURNAMENT

ment) (ex) & T-Lindgren 3 (Marchant, Zacherbauer) 2d Period: F-Macnamara 2d (F-Macnamara) 3d (Sahli) & New York 12-13 8-4-20, Gloucester	CR	A-Schmid 2d (A-Schmid) 2d (Sahli) 2d 8-4-20, Gloucester
JUBILEE	CR	SOUTH AFRICA
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2 1-4		Sri Lanka: 245-9
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BASEBALL

TRANSITIONS

TEAM	W	L	PCT
New York Yankees	11	15	.422
Los Angeles Angels	11	15	.422
San Diego Padres	11	15	.422
San Francisco Giants	11	15	.422
St. Louis Cardinals	11	15	.422
Chicago White Sox	11	15	.422
Minnesota Twins	11	15	.422
Seattle Mariners	11	15	.422
San Jose Giants	11	15	.422
San Francisco Giants	11	15	.422

DENNIS THE MENACE



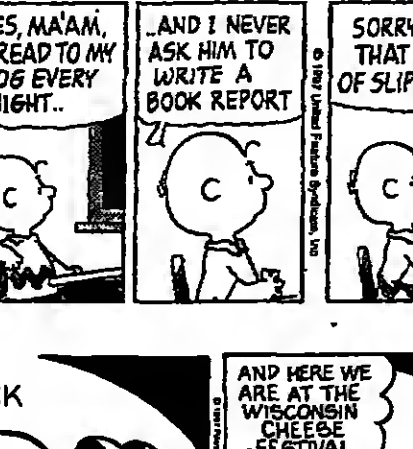
WHEN I'M GENT TO THE CORNER, WHY CAN'T I SIT LIKE A BOYER?

PEANUTS



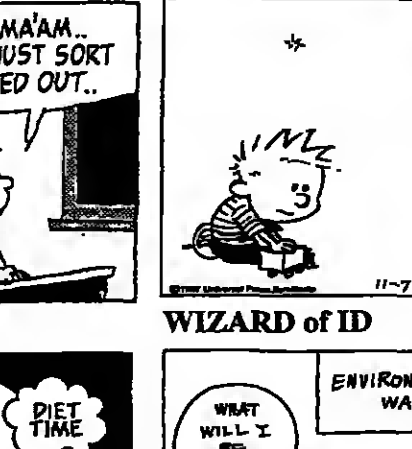
NO, MA'AM...I DIDN'T GET MY HOMEWORK DONE.

GARFIELD



WHEN I'M GENT TO THE CORNER, WHY CAN'T I SIT LIKE A BOYER?

WIZARD OF ID



WHEN I'M GENT TO THE CORNER, WHY CAN'T I SIT LIKE A BOYER?

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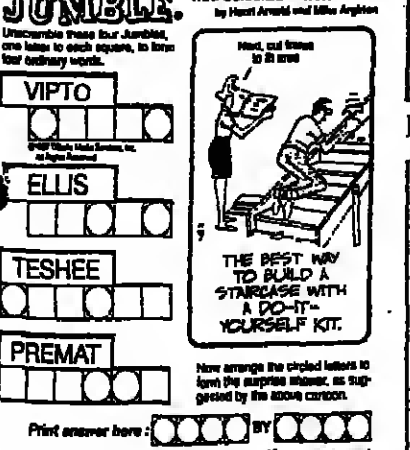
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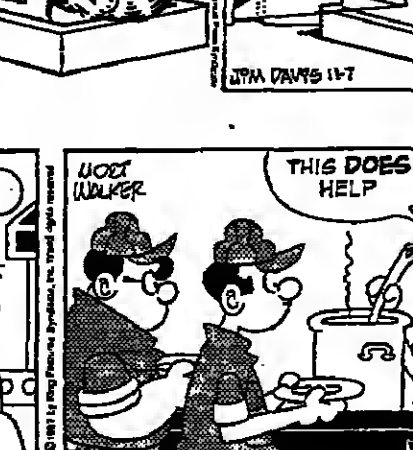
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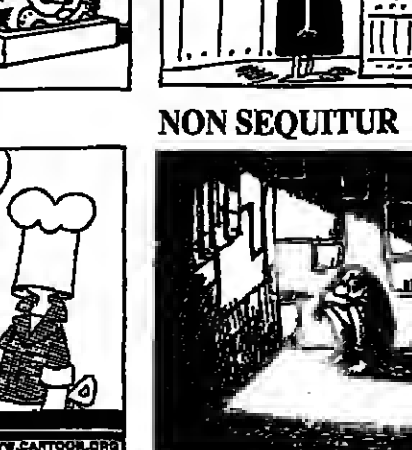
WHEN I'M GENT TO THE CORNER, WHY CAN'T I SIT LIKE A BOYER?

ATTENTION ENGLISH TEACHERS!



WHEN I'M GENT TO THE CORNER, WHY CAN'T I SIT LIKE A BOYER?

WIZARD OF ID



WHEN I'M GENT TO THE CORNER, WHY CAN'T I SIT LIKE A BOYER?

NON SEQUITUR



WHEN I'M GENT TO THE CORNER, WHY CAN'T I SIT LIKE A BOYER?

DOONESBURY



WHEN I'M GENT TO THE CORNER, WHY CAN'T I SIT LIKE A BOYER?

POSTCARD

Leadville Needs Help

By James Brooke
New York Times Service

LEADVILLE, Colorado — Guggenheim Berlin, Guggenheim Bilbao, Guggenheim New York, Guggenheim Venice. Why not a Guggenheim Leadville?

Leadville, as the name implies, is not chic. Perched at 10,152 feet (3,094 meters), it is a hard-knocks mining town, claiming a little fame as the highest incorporated city in North America.

After 135 years of a "get rich and get out" mining ethic, the population has dwindled to one-tenth of its size in the 1880s.

Some holes that environmental engineers are plugging today produced the cornerstone of the Guggenheim fortune a century ago — silver and lead worth \$268 million in 1997 dollars.

"The Guggenheim fortune was started right here in Leadville," said Carl Miller, a third-generation resident who represents the area in the State Assembly. "It sure would be nice if they looked back at this community, which is struggling through the hardest times in its history."

In 1989, Miller wangled the only Guggenheim donation seen here in modern

times, \$25,000 to the National Mining Hall of Fame and Museum.

For their part, officers and spokesmen for the four Guggenheim foundations, all based in New York, said few projects in Leadville would meet the criteria stipulated by the bylaws of their foundations. One promotes modern art, a second grants mid-career fellowships, another studies criminal justice, and the last supports research on violence and aggression.

Another defense might be that everyone else did it.

Since 1860, mines in Leadville and elsewhere in Lake County have disgorged, at present-day prices, \$12.5 billion in gold, silver, lead, copper, zinc and molybdenum, according to the Colorado Geological Survey, a state agency. All of this in a county that now has a total assessed real estate value of \$53 million.

"Nobody who made their money here did anything for this place," Municipal Judge Neil V. Reynolds said with a view befitting his status as a fifth-generation resident.

"Mining is a community of occupation, not a community of place, like farming."

\$9.39 Million for Jade Necklace

International Herald Tribune

HONG KONG — A world record for any jade jewel was set Thursday when a necklace of 27 beads of translucent emerald green jadeite sold at Christie's for \$9.39 million Hong Kong dollars (\$9.39 million). The price was more than double the \$4 million estimate and the \$4.27 million previous record set in October 1994 in Hong Kong.

After the sale, Edmond Chin, Christie's expert in gems said that they had just sold the biggest hunk of rough jade "ever cut in the world." The expert praised the intensity of green and luminosity of the beads, which vary from 15.09 to 15.8 millimeters in diameter and are impeccably matched in color.

—SOURIN MELIKIAN

The Plot Thickens for Royal Opera's Future

By Sarah Lyall
New York Times Service

LONDON — It has been a very bad year for the Royal Opera, currently wandering listlessly around London as its home in Covent Garden undergoes a \$358 million reconstruction. It has had three chief executives in the last year. It is teetering on the brink of insolvency. And it has become the country's latest political punching bag, forced to squirm in silence as members of Parliament hurl unflattering adjectives at it ("shambolic" comes up quite a lot).

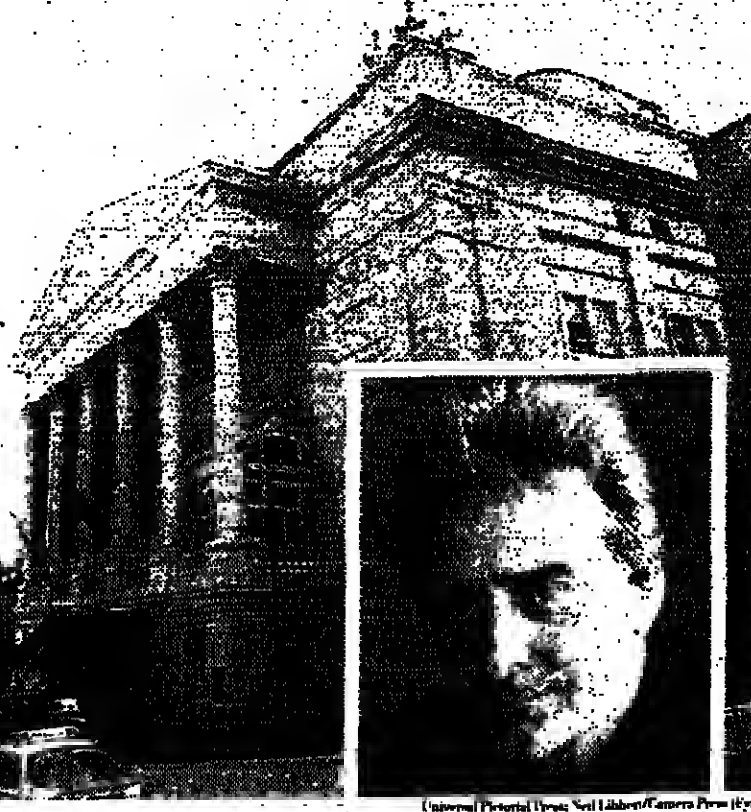
To add injury to insult, Britain's culture secretary, Chris Smith, proposed earlier this week that the Royal Opera should share its home with its sometime competitor, the English National Opera, when it returns to Covent Garden in 1999. The proposal, a radical suggestion in London's entrenched operatic world, would close down the London Coliseum, where the national opera is based, and put three of London's most important performing arts companies — the two opera companies and the Royal Ballet, which already uses Covent Garden — under the same roof.

Smith, testifying before the parliamentary committee set up to examine the opera house's multitude of troubles, said that his suggestion was just a suggestion. A group led by Sir Richard Eyre, who recently stepped down as the national theater's artistic director, is to study the situation and report back in May, he said. "I would like to emphasize that it is a proposal for consideration," he told the committee. "It is not a dictate of any kind."

But that did not stifle the vociferous wail that sounded throughout London's operatic and dance worlds, as various figures pushed each other out of the way in an effort to denounce the proposal. Their objections fell into three broad categories: that the plan would ruin the individuality of the two opera companies; that it would mean the end of London as a powerful operatic force, and that it would in effect mean the end of the Royal Opera's less-flamboyant cousin.

"With one stroke of the pen, this moves London from its position as a leading city for the arts," said Sir Jeremy Isaacs, who was general director of the Royal Opera until earlier this year. Pointing out that most European capitals have two or more national opera companies, he added, "The government wants more people to have access to opera, so how can it justify closing down one opera house?"

Writing in The Times of London, Simon Jenkins said that the English National Opera was "being told to drink hemlock." And Dennis Marks, who recently resigned as the company's general director (it is currently looking for a replacement), said that its role as the "people's opera" — with cheaper seats, a more populist atmosphere and, of



Sir Richard Eyre, former artistic director, Royal Opera House at Covent Garden.

course, English-language productions — would be destroyed if it were forced into Covent Garden.

"It has a unique relationship with its audience and the community it serves," he said. "You can't shoehorn it into a building used by a company that represents entirely different things, and imagine that you are going to preserve its integrity."

But in a letter asking Sir Richard to lead the new advisory committee, Smith said that the government, faced with a near-catastrophe, had little choice but to propose a radical solution.

"For many years, funding problems have bedeviled the companies," he said. "I believe that it is right to ask hard questions about value for money."

Speaking to reporters, Smith warned that "if we carry on at present making do and mending, we might end up losing both our major opera companies." Saying that he wanted to insure the companies' financial stability, see them increase public access by undertaking more tours and educational programs and allow them to maintain their high artistic standards, he added: "My initial view is that these joint objectives might be achieved through a radical reassessment of the use of the Covent Garden site."

Smith's bold suggestion comes at a time when nothing has gone right for the Royal Opera. Just before the opera house closed for renovations in June the planned stage production of "Macbeth" was shelved and given in concert form instead when the new production proved to be complicated too handle in the existing time frame.

The plan to have its opera and ballet companies perform in different venues while the opera house is being refurbished has had little success: Ticket sales have been miserable, and the ballet alone has already lost some \$1.3 million this season in appearances at a hall usually used for rock concerts.

Such dismaying news has provoked outrage from Gerald Kaufman, chairman of the parliamentary committee investigating the Royal Opera.

"It is a shambles, isn't it?" he asked rhetorically of Mary Allen, the Royal Opera House's chief executive, before accusing the opera and ballet of "wandering around London like the Flying Dutchman."

On Tuesday, worse was to come when the opera house's chairman, Lord Chiddingfold, said that disaster would befall the house if it didn't come up with some emergency cash.

"If we don't get funds in the opera house in a very short time, then the probability is that the house will become insolvent," he said. By March, the house expects to be running a deficit of some \$11.8 million, despite an emergency infusion of \$3.4 million last summer, raised from private donors who seem in

no mood for a second mission of mercy. The English National Opera has had problems of its own: It is still without a general director, and it is carrying around a cumulative deficit of some \$4.2 million. But with government grants to it and the Royal Opera frozen for the last five years at \$20 million and \$24.4 million, respectively, the national opera, too, seems to have little hope of paying off its debts anytime soon.

But critics of Smith's proposals said they would hardly solve the companies' financial problems. For one thing, they say, touring an opera or ballet company is a very expensive proposition, far more so than keeping the company at home. It might also be increasingly hard to persuade private donors to give money to opera companies that have effectively merged under one roof.

And there are myriad practical problems, including what to do about the backstage workers, orchestral performers, choruses and the like at each opera house. "Quite clearly, there's no point in having two technical or box-office or marketing staffs," Marks said. "It's going to be difficult to argue that you should have two separate orchestras and choruses. The moment you start saying that you have one serving both, you lose the unique identities of the companies."

NEW YORK FASHION

Focus on Femininity Engenders a Fresh, New Sensuality

By Suzy Menkes
International Herald Tribune

NEW YORK — While the rest of America struggles to come to terms with the postfeminist era, one man has solved the woman question: Ralph Lauren.

It may be mere fashion, but the designer's confident steering of his line through a minefield of gender has been politically astute. Over the last few seasons, Lauren's fresh-skinned, shiny-haired models have switched from mannish sportswear to womanly dressing. Yet the change has been as smooth as the silky leathers and flowing satins in Lauren's spring-summer show.

In general, this feminized New York fashion season is witnessing a reversal of fortune for pants, which are softening up or shrinking to mid-calf, while the focus has moved to dresses and back to the recently despised skirt.

"The proportion has changed," said Lauren, to explain how he had recut jackets small and tight, their curving seams emphasized with over-stitching that ran through the show and expressed its salon refinement — and this from a designer whose signature look was once rooted in country-style blazers and tweed jackets. Even leather had melted to a buttery consistency as a skirt and skirt stroked the body, part of a new sensuality from Lauren.

His womanly touch came from cutting the entire collection on the bias, from the cream pin-striped tailoring that opened the show to gauzy sweaters and skirts and dresses where cross-cutting gave a flirty flip. The ladylike elegance included showing everything with high-heeled sling pumps.

Decorations were also delicately feminine: tiny embroidered pearls tracing the hips of a sweater above liquid satin pants or an open-work pattern on knits. It was a surprise to see a sequined skirt from Lauren, but the designer seems to be

using evening wear, as Giorgio Armani has, to push the boundaries of his style.

It was good to see the designer moving forward in his own element, but Lauren insisted that nothing had changed.

"It's always my take on women — beautiful," he said.

When a hip designer focuses on multicultural symbols of femininity like sarong skirts, sari fabrics and flower prints, you know that fashion's mood has swung.

Anna Sui made her models look womanly and cute — a rare combination that she achieved in an upbeat collection filled with fuzzy color and hold print. That never overwhelmed the short simple dresses or brief hira tops and capri pants.

Sui's style is rooted in the 1970s, with references to flower power hats, tiny Liberty floral prints and to the ethnic trail. But she made it all seem fresh and modern, giving a contemporary spin to the caftan by splitting it over pants and using crocheted knits with dash.

There was even a flash of the 1980s, with metallic dresses, but evening wear was on a Polynesian theme: sarong skirts, Gauvain prints and earrings like mini flower-lets dangling to the waist. The collection had a sunny spirit that made the downbeat, downtown collections on other runways seem like last year's trend.

But as downtown looks go, Donna Karan's wanna-be-cool D-line did its



Ralph Lauren's pearls with lacy top and satin pants.

job well. The designer, who shows her signature collection Friday, let her design team experiment with dresses, making them in modern shiny materials, dark, or with a touch of turquoise, and layered in see-through stretch. Inventive effects included boning dresses at the midriff or suspending them from shoulder

straps that were transparent plastic wires.

Evening wear — never much of a New York design thing — has come to the fore with the focus on femininity.

Michael Kors had a smart take on signature American sportswear. He made it all in luxurious evening fabrics but kept the breezy freshness of the ocean, with a crash of waves on the soundtrack and models striding out with hands thrust in the pockets of baggy pants. What initially seemed like regular summer casual wear, in fact featured khaki chinos that were in glove-soft leather and rolled-sleeved white shirts in silk taffeta.

Occasionally the sportswear theme seemed forced, as racy swimsuits with geometric cutouts grew into stretch dresses with racing-backs. But the luxurious ease looked fresh.

If gender is the question, surely crystal beads cannot be the answer? The New York runways are swash with sequins and nowhere more thickly scattered than at Halston. Designer Randolph Duke has been given the brief to revive with evening wear the house of the late founding father of American minimalism. So out

came silk jersey dresses sliced with vicious cut-outs and braced with plexiglass accessories; slinky dresses with lumps of crystal hugging the rear and wings of chiffon veiling bugle-headed sheaths. It was sexy, steamy and a long way from the delicate elegance of modern womanhood.

PEOPLE

A PARIS appeal court has ordered that the body of the French singer-actor Yves Montand be exhumed for genetic tests to decide a paternity lawsuit. Aureole Drossard claims that Moutand, who died in November 1991 at age 70, was her father, and has taken her case to court. An expert appointed by the court said earlier this year that he could not rule on the case until he had a sample of Montand's DNA. Montand repeatedly refused to undergo tests to establish the veracity of Drossard's claim, but a court ruled in 1994 that she was his child based on testimony and the physical resemblance between the two.

Carole Amiel, the mother of Montand's son Valentin, now 9, said she was "extremely shocked" by the latest court ruling. "I'm very sad because he is not being left to rest in peace," she said. "I don't understand why they have decided something so unspeakable."

Back in Britain, Prince Charles got high marks from the media on his eight-day trip to South Africa. "Charles tour a smash hit," was the tabloid Mirror's verdict, echoed by The Express, which said the prince was now "basking in his new image." The Times said that during the trip, on which he was accompanied by his son Prince Harry, 13, Charles was "more willing to accommodate the press than at any time during the past decade."

As a tribute to "the action of the princess on behalf of disadvantaged children," a center for problem children in Paris is to be named after Diana, Princess of Wales, a spokesman at Paris's city hall said. Diana died in the French capital in a car crash Aug. 31.

Villagers clapped and shouted "long live brother Dominique" as the French writer Dominique Lapierre launched a floating clinic to reach residents of the isolated Ganges River delta of eastern India. Lapierre, author of a novel on Calcutta's street children titled



TRIBUTE — A restored statue of humorist Will Rogers unveiled this week in Fort Worth, Texas.

"City of Joy," said "I am indeed happy today to fulfill my dream." The boat, funded by the author and a Dutch appliance manufacturer, is equipped with an X-ray machine, a laboratory and doctors' offices.

The 1997 Tanning Prize, given by the Academy of American Poets for lifetime achievement, was awarded to Anthony Hecht. Worth \$100,000, the prize is one of the richest in the field of letters. Hecht lives in Washington and was a longtime professor at Georgetown University. The award was established three years ago with a \$2 million endowment by the painter Dorothea Tanning.

Another top U.S. government official is denouncing television's Murphy Brown as a poor example for children. The Drug Enforcement Administration's Thomas Constantine, is upset that CBS's fictional reporter turns to marijuana to relieve nausea caused by chemotherapy. In a statement issued before this week's episode, Constantine said CBS and the show's creators were "doing a great disservice" by "trivializing drug abuse."

Hillary Rodham Clinton says an exhibition of American Indian sculpture at the White House has the ability to "honor the past and imagine the future." The 12 statues, most of which will remain in the Jacqueline Kennedy Garden until next fall, reflect a range of styles marking Native American work from this century. Each sculpture "tells a story of how traditions are passed from one generation to the next," she said at a White House ceremony.

After starring in 34 films that sold more than a million tickets each in 30 years on the screen, Gerard Philipeau is France's box-office champion, according to the magazine Le Film Français. Philipeau finished just ahead of Philippe Noiret. Catherine Deneuve topped the list of actresses, having starred in 14 films that sold more than a million tickets.



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